

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

OPEN SESSION

February 26, 2014

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, February 26, 2014, beginning at 9:46 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

H. Gregory Austin, President
John R. Lucero, First 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	D.L. Little, Director of Planning
S.L. Chesney, <i>Acting</i> Director of Public Affairs	J.A. Anderson, Director of Customer Relations
B.D. Good, Deputy Manager of Organizational Improvement	M. Price, <i>Acting</i> Director of Operations and Maintenance
R.J. Mahoney, Director of Engineering	J. Griffin, <i>Acting</i> Director of Information Technology
G. Cagle, Director of Human Resources	P.A. Carey, Manager of Purchasing and Contracting
M.K. Frishman, Attorney	P.B. Coleman, Chief Internal Auditor
T. Bryant, Controller	G. Fisher, Manager of Demand Planning
D.M. Hamm, Staff Analyst	C. Piper, Intergovernmental Affairs Coordinator
J.S. Walker, Contracts Supervisor	V. Nealey, Human Resources Specialist
S. Snyder, Special Projects Coordinator	D. Brinker, Engineer
G. Chapman, Performance Management/Employee Relations Program Manager	D. Bennett, Environmental Scientist
	J. Spitze, IT Project Manager
	N. Babyak, Lean Facilitator

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

J. Davis, Manager of Organizational
Development and Training

R. Manuel, HR Technician

E. Paz, Customer Service Field
Technician

D. Raitt, Construction Project Manager

M. Gutierrez, Construction Project Manager

T. Segura, Budget Analyst

Robin J. Nigro-Dickey, University of Denver student

Commissioner Austin called the meeting to order.

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

Public Comment and Communications

Commissioner Austin 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: KONICA MINOLTA PRINTER LEASE

Approved the following contracts with All Copy Products for a contract period of January 22, 2014, through January 22, 2019: (1) Contract 15316A for a Konica Minolta printer lease and a total contract amount not to exceed \$115,000.00; (2) Contract 15316B for a per-click fee agreement and a total contract amount not to exceed \$23,500.00; and (3) Contract 15316C for maintenance and support services and a total contract amount not to exceed \$6,600.00.

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

The Board also authorized the Director of Information Technology to execute Contracts 15316A and 15316B on behalf of Denver Water. Contract 15316A is attached to and incorporated in these Minutes as Exhibit "A."

2. **ITEM II-A-2: RENTAL OF TRAFFIC CONTROL BARRICADES**

Approved the Third Amendment to Contract 13800A with Altus Traffic Management LLC for rental of traffic control barricades. The amendment adds \$1,200,000.00 for a total amended contract amount not to exceed \$3,000,000.00. It is attached to and incorporated in these Minutes as Exhibit "B."

3. **ITEM II-A-3: PRE-CONSTRUCTION SUPPORT FOR MARSTON RESERVOIR MULTIPLE LEVEL OUTLET WORKS PROJECT**

Approved the First Amendment to Agreement 15288A with URS Corporation for pre-construction support services for the Marston Reservoir Multiple Level Outlet Works Project. The amendment provides an extension through July 30, 2015, and additional funds of \$263,910.00, for a total amended contract amount not to exceed \$287,410.00. The amendment is attached to and incorporated in these Minutes as Exhibit "C."

4. **ITEM II-B: LEADERSHIP PROGRAM DEVELOPMENT**

Approved entering into Agreement 15314A with the Shapiro Consulting Group for leadership program development consulting services for the period February 26, 2014, through October 31, 2014, for a total contract amount not to exceed \$160,000.00.

Ms. Cagle explained that the consultant will assist with developing the content of a new leadership program for the entire organization, which will be implemented between August and October 2014. The consultant also will train employees to implement the program. Ms. Cagle's presentation is attached to and incorporated in these Minutes as Exhibit "D."

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

5. **ITEM II–C: MARSTON DAM AND FOREBAY MULTIPLE LEVEL
OUTLET AND UPGRADE PROJECT**

Approved entering into Contract 13906A with SEMA Construction for the Marston Dam and Forebay Multiple Level Outlet and Upgrade Project for a total contract amount not to exceed \$11,227,925.00 at the prices shown on the tabulation of proposals attached to and incorporated in these Minutes as Exhibit “E.”

Mr. Brinker described the project and explained that it will improve dam safety, replace aging infrastructure, and increase operational flexibility and reliability. The forebay will be drained for the project, but the Marston Treatment Plant will be able to maintain operations because the Conduit 20 bypass line can deliver water directly to the plant. Mr. Brinker’s presentation is attached to and incorporated in these Minutes as Exhibit “F.”

6. **ITEM II–D: NON-POTABLE WATER LEASE AGREEMENT WITH
JEFFERSON COUNTY**

Approved a Non-Potable Water Lease Agreement to provide Jefferson County with up to one acre-foot of non-potable water for dust suppression along county roads on a permanent basis. The lease agreement is attached to and incorporated in these Minutes as Exhibit “G.”

Mr. Bennett explained that the new lease replaces previous temporary leases made to Jefferson County for the same purpose. Under the Colorado River Cooperative Agreement (“CRCA”), renewable, temporary water leases longer than five years are no longer permitted outside of the Combined Service Area. Additionally, the CRCA caps the amount of water Denver Water may provide outside of the Combined Service Area to 4,000 acre-feet. The lease with Jefferson County for one acre-foot will count against that cap. Jefferson County’s use of the water will be subject to Denver Water’s drought restrictions.

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

7. **ITEM III–A: 2014 CAPITAL BUDGET ADJUSTMENT**

Ms. Bricmont described a new Lean value stream beginning this year titled “Budgeting & Spending to be the Best.” The value stream is intended to make the budgeting process more efficient, reduce the hours spent on budgeting, increase hard dollar savings, implement a new system and program manager decision tree, and define budgeting system reporting needs. Ms. Bricmont clarified that staff is not recommending any change to the 2014 budget at this time. Her presentation is attached to and incorporated in these Minutes as Exhibit “H.”

Mr. Lochhead added that the budget value stream team is considering a new budgeting concept by which staff would anticipate the revenues needed in a two-year period and then determine the rates and budget for that period accordingly. Commissioner Austin commented that the evolution of the budgeting process has been terrific and that he is willing to try the new budgeting concept. Commissioner Tate cautioned that any changes that would affect rates should be communicated to the ratepayers, distributors, and Denver City Council.

8. **ITEM IV–A: CEO REPORT**

Mr. Lochhead made a few brief announcements. He reported on a recent event held at the Summit County Chamber of Commerce to highlight the Colorado River Cooperative Agreement. He noted that Grand County would like to hold a similar event with Denver Water. He also mentioned recent presentations he has made to the Denver Metro Chamber board and the Family Farm Alliance in Las Vegas, as well as an upcoming presentation at a sustainability conference at the University of Colorado Law School. Lastly, Mr. Lochhead reported that Denver Water staff has learned that environmental groups are seeking corporate disclosures on business risks due to climate change. Staff’s understanding is that these groups believe bond-rating agencies should take such risks into account when evaluating

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

bonds. Staff has communicated with the Environmental Protection Agency and other environmental groups to contain the discussion and to discourage these efforts, because businesses are unable to predict future climate change and how it will impact them.

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

The Board received the Monthly Financial Reports dated January 31, 2014, as set forth in Agenda Item IV-B-1, which is attached to and incorporated in these Minutes as Exhibit "I."

10. **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, which is attached to and incorporated in these Minutes as Exhibit "J."

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

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

12. **ITEM V-C: REPORTING OF STAFF-ADMINISTERED CONSTRUCTION CONTRACT CONTINGENCY AMOUNTS**

The Board received the Project Contingency Report for the Ashland Reservoir Replacement Project under Contract 14063B, the Conduit 16 Replacement & Conduit 22 Abandonment Project under Contract 14978A, the Foothills Treatment Plant Switchgear Project under Contract 13474A, and the Foothills Treatment Plant HVAC Project under Contract 14011A. The report is attached to and incorporated in these Minutes as Exhibit "L."

RECORD OF PROCEEDINGS

MINUTES
OF THE
BOARD OF WATER COMMISSIONERS

13. **ITEM V-D: LEGISLATIVE REPORT**

The Board received a legislative report from Mr. Piper, who also updated the Board on Senate Bill 103, Denver Water's proposed legislation on high-efficiency indoor water fixtures. The bill passed the Senate and is scheduled for hearing in the House. Although it became a partisan issue in the Senate, staff believes the bill is well-positioned with support in the House.

No further business appearing, the Board voted unanimously to adjourn at 10:59 a.m.



for Secretary, J.S. LOCHMEYER



President