

## RECORD OF PROCEEDINGS

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### MINUTES OF THE BOARD OF WATER COMMISSIONERS

#### OPEN SESSION

August 27, 2014

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, August 27, 2014, beginning at 9:19 a.m. in the Board Room, Room 309, 1600 West 12<sup>th</sup> Avenue, Denver, Colorado. Members of the Board present during portions of the Regular Meeting were:

**H. Gregory Austin, President**  
**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	P.L. Wells, General Counsel
A.C. Bricmont, Director of Finance	D.L. Little, 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	P.A. Carey, Manager of Purchasing and Contracting
U. Sharma, Treasurer	P.B. Coleman, Chief Internal Auditor
M.K. Frishman, Attorney	M.E. Elliott, Assistant Director of Public Affairs – Government, Stakeholder Relations and Conservation
T.L. McGuire-Collier, Assistant Director of Public Affairs – Communications and Marketing	S.L. Chesney, Manager of Media and Executive Communications
T. Cristiano, Manager of Rate Administration	S. Dominick, Water Resource Engineer

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T. Bryant, Controller	M. Turney, Engineer
D.M. Hamm, Staff Analyst	A. Song, Engineer
T.E. Lowe, Distributor Relations Manager	K. Petrik, Chief of Construction Management
W.C. Austin, Manager of Safety and Security	A. Ingram, Contract Specialist
B. Ransom, Manager of Recreation	B. DeWitt, Staff Analyst
B. Cochran, Engineer	B. Lindgren, Superintendent of Source of Supply
M. Faulkner, Talent Acquisition Manager	D. Brinker, Engineer
J. Davis, Manager of Organizational Development and Training	J. Fischer, Engineer
D. Shable, Engineer	M. Garcia, Engineer
G. Brockett, Human Resources Specialist	K. Bates, Attorney
L. Paule, HRIS Manager	S. Miller, Manager of Health Care and Benefits Administration
C. Clark, Engineer	V. Nealey, Human Resources Specialist
K. Unger, Administrative Assistant	L. Robinson, Human Resources Specialist
M. Bond, Communication Specialist	A. Montez, Human Resources Specialist
S. Palmer, HRIS Analyst	G. Rosenschein, Attorney
T. Han, HRIS Analyst	M. Morrow, Senior Financial Analyst
M. Nealey, Hydraulic Engineer	L. Weber, Planner
G. Chapman, Performance Management/Employee Relations Program Manager	Y. Shrum, HR Generalist
T. Johnson, Manager of Compensation and Performance Management	J. Fry, Human Resources Specialist
	P. McCormick, Engineer
	G. Gulley, Engineer
	A. Chavez, Staff Analyst
	Y. Her, Contracts Supervisor
	A. Hernandez, Technical Training Coordinator
	J. Archer, Engineer

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Rob Buirgy, Buirgy Consulting, Inc.	Jim Bradburn, Mortenson Construction
Tiffany Fourment, Consultant	Tom Hootman, RNL Design
Pat Fitzgerald, Platte Canyon Water and Sanitation District	Jason McLennan, International Living Future Institute
Alan Schnur, The Schnur Consulting Group	Josh Gould, RNL Design
Ramsey Hemaidan, Pure Technologies, Ltd.	Bill Mosher, Trammell Crow Company
	Steve Bosshart, WSCI

Commissioner Austin called the meeting to order.

#### **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: PERSONNEL POLICIES CHANGES REGARDING PROBATIONARY PERIOD FOR PROMOTED EMPLOYEES**

Approved changes to sections 8-4, 12-2-(4), 12-2-(5), and 12-2-(5)(b) of the Personnel Policies to remove references to a probationary period previously applied to promoted employees. A copy of the revised sections is attached to and incorporated in these Minutes as Exhibit "A."

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2. **ITEM II–A–2: PERSONNEL POLICIES CHANGES REGARDING  
OBJECTIONS TO PERFORMANCE RATINGS**

Approved changes to section 10-2-(4) of the Personnel Policies to shorten the period during which employees may object to their performance ratings. A copy of the revised section is attached to and incorporated in these Minutes as Exhibit "B."

3. **ITEM II–A–3: CONTRACT FOR EQUIPMENT FOR MOFFAT WATER  
TREATMENT PLANT CENTRIFUGE DEWATERING SYSTEM PROJECT**

Awarded Contract 15530A to Andritz Separation, Inc., to provide equipment for the Moffat Water Treatment Plant Centrifuge Dewatering System Project for a total contract amount not to exceed \$256,980.00.

4. **ITEM II–A–4: T1 COMMUNICATIONS LINE FOR ANTERO  
RESERVOIR HEADQUARTERS**

Approved payment of \$295,808.00 to CenturyLink to install a T1 communications line to Antero Reservoir Headquarters.

5. **ITEM II–A–5: CHANGE ORDER NO. 3 WITH GEO-SOLUTIONS, INC.,  
FOR THE ANTERO DAM REHABILITATION PHASE I**

Approved Change Order No. 3 to Contract 14999A with Geo-Solutions, Inc., for the Antero Dam Rehabilitation Phase I Project. The change order provides a credit to Denver Water of \$149,801.30 based on the quantity of filter trench actually constructed. A copy of the change order is attached to and incorporated in these Minutes as Exhibit "C."

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6. **ITEM II-A-6: LEASE AGREEMENT WITH THE TOWN OF DILLON FOR A DISC GOLF COURSE**

Approved Lease Agreement 15528A for the Town of Dillon to operate a disc golf course on 20.9 acres of Denver Water property. A copy of the Lease Agreement is attached to and incorporated in these Minutes as Exhibit "D."

7. **ITEM II-A-7: SECOND AMENDMENT TO AGREEMENT 15200A WITH ASI CONSTRUCTORS, INC., FOR DIVING SERVICES FOR HYDRAULIC LINE INSPECTION AND REPAIR AT CHEESMAN DAM**

Approved the Second Amendment to Agreement 15200A with ASI Constructors, Inc., for diving services for the hydraulic line inspection and repair at Cheesman Dam. The amendment adds \$16,072.00 for a total amended contract amount not to exceed \$109,534.00. A copy of the amendment is attached to and incorporated in these Minutes as Exhibit "E."

8. **ITEM II-A-8: AGREEMENT WITH PURE TECHNOLOGIES FOR CONDUIT NO. 94 ELECTROMAGNETIC INSPECTION AND ACOUSTIC FIBER OPTIC MONITORING SYSTEM**

Approved Agreement 15617A with Pure Technologies, Ltd., for Conduit No. 94 Electromagnetic Inspection and Acoustic Fiber Optic Monitoring System Project for a total contract amount not to exceed \$1,625,506.00. A copy of the Agreement is attached to and incorporated in these Minutes as Exhibit "F."

9. **ITEM II-A-9: AMENDMENT NO. 1 WITH T. LOWELL CONSTRUCTION FOR CONDUIT NO. 94 MODIFICATIONS FOR ACOUSTIC FIBER OPTIC MONITORING SYSTEM**

Approved Amendment No. 1 to Contract 14961A with T. Lowell Construction, Inc., which adds a new scope of work to perform the Conduit No. 94 Modifications for Acoustic Fiber Optic Monitoring System. The amendment adds \$200,000.00 for a total amended contract amount not to exceed

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\$2,650,000.00. A copy of the amendment is attached to and incorporated in these Minutes as Exhibit "G."

10. **ITEM II-A-10: CONTRACT FOR LONG LAKE FEEDER DITCH DIVERSION STRUCTURE REPLACEMENT AND RALSTON CREEK FLUME REPLACEMENT**

Approved Contract 15605A with Western Summit Constructors, Inc., for the Long Lake Feeder Ditch Diversion Structure Replacement and Ralston Creek Flume Replacement Project for a total contract amount not to exceed \$1,031,500.00.

11. **ITEM II-A-11: AGREEMENT WITH BROWN AND CALDWELL FOR DESIGN OF THE HILLCREST RESERVOIR TANK REPLACEMENT**

Approved Agreement 15598A with Brown and Caldwell for the design of the Hillcrest Reservoir Tank Replacement Project for a total contract amount not to exceed \$862,809.00. A copy of the Agreement is attached to and incorporated in these Minutes as Exhibit "H."

12. **ITEM II-A-12: INTERCONNECT AGREEMENT WITH EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT**

Approved the Emergency Interconnect Agreement between the City and County of Denver, acting by and through its Board of Water Commissioners, and East Cherry Creek Valley Water and Sanitation District ("ECCV"). Under the agreement, Denver Water will provide water to ECCV for emergency operations at two connection locations. A copy of the agreement is attached to and incorporated in these Minutes as Exhibit "I."

13. **ITEM II-B-1: EMERGENCY WATER DAMAGE CLEANUP SERVICES**

Authorized a total contract amount not to exceed \$400,000.00 under contract number 15586A for funding of Contract 15586B with COCAT, LLC, Contract 15586C with Restoration Logistics, Inc., and Contract 15586D with Our 2

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Boys LLC dba Property Assurance for emergency water damage cleanup services following water main breaks through August 31, 2016.

14. **ITEM II-B-2: THIRD AMENDMENT TO CONTRACT FOR YOUTH EDUCATION PROGRAM DEVELOPMENT**

Approved the Third Amendment to Contract 14048A with Buirgy Consulting, Inc., for development of the Youth Education Program. The amendment extends the contract through July 31, 2015, and adds \$321,500.00 for a total amended contract amount not to exceed \$716,500.00. A copy of the amendment is attached to and incorporated in these Minutes as Exhibit "J."

Mr. Bond explained the extension of the agreement will provide additional time for the consultant to work on increasing the program's outreach and revamping the curriculum to meet new state education standards. A copy of Mr. Bond's presentation is attached to and incorporated in these Minutes as Exhibit "K."

15. **ITEM II-B-3: PERSONNEL POLICIES CHANGES REGARDING EXTENSION OF ADMINISTRATIVE LEAVE TO NON-EXEMPT EMPLOYEES**

Approved changes to section 14-13 of the Personnel Policies to make administrative leave available to non-exempt employees. A copy of the revised section is attached to and incorporated in these Minutes as Exhibit "L."

Ms. Wells and Ms. Cagle explained that the changes would allow non-exempt employees to be rewarded with administrative leave in four- or eight-hour increments for making an extraordinary contribution to Denver Water. The policies already allow exempt employees to receive administrative leave. The CEO/Manager and Division Directors would have to approve the reward according to specified criteria. Commissioner Herzmark recommended budgeting for the ability to grant administrative leave.

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16. **ITEM III–A: FINANCIAL PLAN PRESENTATION**

Mr. Cristiano presented the five-year financial plan. The five-year capital plan encompasses \$1.1 billion in spending, which will be funded by system development charges, bonds, and rates. For 2015 alone, operations and maintenance expenses are projected to be \$171 million. Staff anticipates receiving \$488 million in bond proceeds. In 2015, staff projects revenues of \$22 million in system development and participation charges and \$263.5 million in rates. Therefore, staff has determined an equal annual rate adjustment of 2.2 percent for the next five years is needed to cover operating and capital expenses and to maintain adequate reserves, debt coverage, and leverage. In 2015, the adjustment would amount to \$5.8 million in additional revenue.

Ms. Bricmont added that revenue from the rate adjustment will contribute to three large upcoming capital projects: the expansion of Gross Reservoir; construction of a new treatment plant to replace the Moffat Treatment Plant; and the operations complex redevelopment.

The Board will hear another presentation on 2015 rates at its meeting on September 10, 2014. Staff will ask the Board to adopt the new rates at its meeting on October 8, 2014. The new rates would become effective January 6, 2015. A copy of Mr. Cristiano's presentation is attached to and incorporated in these Minutes as Exhibit "M."

17. **ITEM III–B: HUMAN RESOURCES STRATEGY UPDATE**

Ms. Cagle and other staff reported on the transformation of the Human Resources Division that began with the Employer of the Future initiative. They addressed improving talent recruiting, management, and career development; increasing opportunities for training; advancing technology; and tracking the improvements using new metrics. Mr. Lochhead said the efforts have the full support of the Executive Team, and he thanked Mr. Schnur for helping with the transition.

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Commissioners Herzmark, Gougeon, and Tate indicated they were impressed with the new strategy. Commissioner Austin requested more specific timelines on achieving Human Resources' goals; he and Commissioner Tate said they would like to receive progress reports on the goals.

A copy of the presentation is attached to and incorporated in these Minutes as Exhibit "N."

#### 18. **ITEM III-C: OPERATIONS COMPLEX REDEVELOPMENT**

Mr. Hootman of RNL Design and Mr. Bradburn of Mortenson Construction presented the cost impacts of incorporating certain sustainability measures in the redevelopment of the operations complex. The total project cost is budgeted at \$145 million, with construction totaling \$123 million. Within those parameters, the consultants have determined the redevelopment project could achieve LEED Silver certification for the entire complex, with some components of LEED Gold and Platinum status, as well as achieving net-zero energy and water consumption in the Administration Building. To achieve net-zero status for the entire complex, an additional \$15 million would be required.

Commissioner Gougeon emphasized that sustainability standards are evolving quickly; however, he opined there is a good rationale for reaching for the options presented while not spending money on every possibility. Commissioner Austin added that the Board would take into account the various options' life-cycle costs.

Additionally, Mr. McLennan of the International Living Future Institute discussed the benefits to employees and the organization that could result from incorporating health and wellness concepts into the design of the new Administration Building.

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19. **ITEM IV–A: CEO REPORT**

Mr. Lochhead reported he attended the Colorado Water Congress in Snowmass. He also will attend a conference hosted by an organization called Protect the Flows to discuss the business of water and partnering with other water utilities. Lastly, he will be participating in workshops at an international water conference in Lisbon, Portugal in the fall.

20. **ITEM IV–B–1: CFO REPORT: MONTHLY FINANCIAL REPORT**

The Board received the Monthly Financial Report dated July 30, 2014, as set forth in Agenda Item IV-B-1, which is attached to and incorporated in these Minutes as Exhibit "O."

21. **ITEM IV–B–2: CFO REPORT: BOND RATINGS**

Ms. Bricmont reported that on August 29, 2014, staff would receive bond ratings for Denver Water's upcoming bond sale. However, Moody's requested a delay in providing its ratings due to a new framework it is instituting. Ms. Bricmont said Denver Water will be one of the first utilities to be rated under the new framework. Moody's has indicated that only a minority of utilities will see a change in their ratings; Ms. Bricmont does not anticipate a change for Denver Water.

22. **ITEM IV–C: OPERATIONS REPORT**

Mr. Roode mentioned interviews he has done with four local news stations and the Denver Post regarding the recent high-profile water main breaks. He said the media coverage has provided a good opportunity to educate the public about the distribution system.

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23. **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 "P."

24. **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 "Q."

No further business appearing, the Board voted unanimously to adjourn into Executive Session at 12:06 p.m.

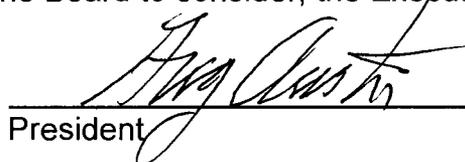
**EXECUTIVE SESSION**

On Wednesday, August 27, 2014, commencing at 12:07 p.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)
2. Negotiations § 24-6-402(4)(e)

There being nothing further for the Board to consider, the Executive Session concluded at 12:20 p.m.

  
Secretary

  
President