

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

OPEN SESSION

June 11, 2014

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, June 11, 2014, beginning at 9:25 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
Paula Herzmark, Vice President

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

J.S. Lochhead, CEO/Manager	D.L. Little, Director of Planning
T. Bryant, <i>Acting</i> Director of Finance	J.A. Anderson, Director of Customer Relations
T.L. McGuire-Collier, <i>Acting</i> Director of Public Affairs	T.J. Roode, Director of Operations and Maintenance
B.D. Good, Deputy Manager of Organizational Improvement	C.R. Dermody, Director of Information Technology
R.J. Mahoney, Director of Engineering	P.A. Carey, Manager of Purchasing and Contracting
G. Cagle, Director of Human Resources	P.B. Coleman, Chief Internal Auditor
U. Sharma, Treasurer	M. Price, Division Office Business Manager
M.K. Frishman, Attorney	G. Wilcox, Lean Program Manager
T. Cristiano, Manager of Rate Administration	D. Brinker, Engineer
D.M. Hamm, Staff Analyst	P. Kraft, Asset Management Coordinator
K. Petrik, Chief of Construction Management	D. Arnold, Attorney
J. Ross, Engineer	N. Babyak, Lean Facilitator
	C. Shaw, Organizational Improvement Coordinator

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R. Steger, Manager of Raw Water Supply	J. Figurelli, Senior Financial Analyst
M. O'Neill, Manager of Accounting	K. Dudas, Manager of Marketing and Special Projects
G. Zervos, Accountant	E. Cinchock, Office Management Assistant
M. Morrow, Senior Financial Analyst	M. Waage, Manager of Water Resource Planning
A. Chotiner, Accountant	J. Shaw, Conservation Specialist
M. Iverson, Division Office Business Manager	J. Plonsky, Accountant
T. LaPan, Landscape Architect	C. Funk, Attorney
R. Riggs, Manager of New Business Solutions Development	K. Kuykendoll, Staff Analyst
S. Hansz, Engineer	R. Wirth, Supervisor of Treasury Operations

Holly McGail, PricewaterhouseCoopers
Bruce Baumann

Commissioner Austin called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, Commissioners Gougeon and Tate 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.

Bruce Baumann, a Denver Water customer for three years, spoke to the Board to oppose adding fluoride to drinking water. He claimed fluoride is a byproduct of the aluminum and phosphate mining industries and that *The Lancet*, a medical journal, recently reclassified fluoride as a neurotoxin. He stated his intent to file claims against government actors for medicating water without consent.

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Mr. Roode reminded the Board of a presentation given by a dental health association in 2013 on the benefits of adding fluoride to drinking water. He also explained that Denver Water follows the recommendations of the Centers for Disease Control and Prevention ("CDC") and the Colorado Department of Public Health and Environment with regard to fluoride. He added that staff is not aware of any change to those recommendations. Commissioner Austin noted that Denver Water relies on the recommendations of the CDC and the National Institutes of Health. He said Denver Water would consider changing its fluoride policy if those entities do the same.

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: MINUTES OF OPEN MEETINGS**

The reading of the Minutes of the Regular Meetings of May 14, 2014, and May 28, 2014, was dispensed with and such Minutes were approved.

2. **ITEM II-A-2: MINUTES OF EXECUTIVE SESSION**

The Minutes of the Executive Session of May 14, 2014, were approved.

3. **ITEM II-A-3: EMPLOYEES ELIGIBLE FOR REGULAR STATUS**

The following employees were classified as regular employees of the Board, with all rights and privileges thereof, effective June 1, 2014, unless otherwise noted:

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Employee Name	Employment Date	Division/Section
Dressel, Jr., William D.	2013-11-25	Engineering Division Dam Safety, #214
Sanchez, Rebecca M.	2013-11-23	Engineering Division Tech Solution Support, #258
McCoy, Patrick M.	2013-11-18	Information Technology Division Enterprise Content Management, #168
McHugh, Mark E.	2013-12-02	Information Technology Division Infrastructure & Technology, #173
Tebbe, Dean J.	2013-11-25	Information Technology Division Infrastructure & Technology, #173
Alejandro, Victor J.	2013-11-25	Information Technology Division Project Management Office, #171
Ruiz Salgado, Jose B.	2013-11-12	Operations and Maintenance Division Buildings Maintenance, #870
Martin, Robert L.	2013-12-02	Operations and Maintenance Division Emergency Services, #770
Buswell, Nathan A.	2013-11-12	Operations and Maintenance Division Operational Technology, #720
Frye, Ryan J.	2013-11-18	Operations and Maintenance Division Operational Technology, #720
Gulley, Jeffery S.	2013-11-25	Operations and Maintenance Division Plumbing Shop, #940
Chalmers, Scott V.	2013-11-23	Operations and Maintenance Division Warehouse, #480
Berrier, James A.	2013-11-09	Operations and Maintenance Division Water Quality, #230
Keller, Kyle F.	2013-11-23	Operations and Maintenance Division Winter Park Area, #520
Strongin, Dana E.	2013-12-02	Public Affairs Division Government & Stakeholder Relations, #012

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4. **ITEM II-A-4: CONTRACT FOR SOUTH BOULDER COLLECTION SYSTEM SIPHON NO. 4 REPLACEMENT**

Awarded Contract 14961A to T. Lowell Construction, Inc., for the South Boulder Collection System Siphon No. 4 Replacement Project for a total contract amount not to exceed \$2,450,000.00.

5. **ITEM II-A-5: CONTRACT FOR CHEESMAN RESERVOIR AND DAM WALKWAY REPLACEMENT**

Awarded Contract 15140A to SEMA Construction, Inc., for the Cheesman Reservoir and Dam Walkway Replacement Project for a total contract amount not to exceed \$829,990.00.

6. **ITEM II-A-6: CONTRACT FOR 64TH AVENUE PUMP STATION AND DECENTRALIZATION FACILITY ROADWAY IMPROVEMENTS**

Awarded Contract 15416A to Concrete Works of Colorado, Inc., for the 64th Avenue Pump Station and Decentralization Facility Roadway Improvements Project for a total contract amount not to exceed \$165,000.00.

7. **ITEM II-A-7: AGREEMENT FOR CONSTRUCTION MANAGEMENT INSPECTION SERVICES FOR MARSTON TREATMENT PLANT PROCESS IMPROVEMENTS AND FLOCCULATION AND SEDIMENTATION EQUIPMENT REPLACEMENT**

Approved Task Order Agreement 14315E with CH2M Hill Engineers, Inc., for the Construction Inspection Services for the Marston Treatment Plant Process Improvements and Flocculation and Sedimentation Equipment Replacement for a total contract amount not to exceed \$241,876.00. A copy of the agreement is attached to and incorporated in these Minutes as Exhibit "A."

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8. ITEM II–A–8: RATIFICATION OF CONSTRUCTION CONTRACT CHANGE ORDERS AND AMENDMENTS TO AGREEMENTS

Ratified Construction Contract Change Orders and Amendments to Agreements authorized in the period April 2014 through May 2014 as follows:

Change Order No. 4 to Contract 13527A with McDade-Woodcock, Inc., for Marston Generators 1 & 2 Closed Transition;

Amendment No. 1 to Contract 13527A with McDade-Woodcock, Inc., for Marston Generators 1 & 2 Closed Transition;

Amendment No. 2 to Contract 14011A with McDade-Woodcock, Inc., for Foothills Treatment Plant HVAC Improvements;

Change Order No. 5 to Contract 14011A with McDade-Woodcock, Inc., for Foothills Treatment Plant HVAC Improvements;

Change Order No. 1 to Contract 14795A with Heitkamp, Inc., for Conduit No. 10 – CML Relining;

Change Order No. 1 to Contract 14913A with T. Lowell Construction, Inc., for Tanabe Reservoir Outlet and Interconnect;

Change Order No. 1 to Contract 15022A with T. Lowell Construction, Inc., for Moffat Tunnel Collection System – Siphon No. 1 Replacement;

Amendment No. 1 to Contract 15090A with Western States Reclamation, Inc., for Bambei-Walker Reservoir Embankment Reclamation;

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Amendment No. 2 to Contract 15090A with Western States Reclamation, Inc., for Bambei-Walker Reservoir Embankment Reclamation;

Amendment No. 3 to Contract 15090A with Western States Reclamation, Inc., for Bambei-Walker Reservoir Embankment Reclamation;

Change Order No. 1 to Contract 15099A with T. Lowell Construction, Inc., for Conduit Nos. 118 and 74 Reconfiguration;

Amendment No. 1 to Contract 15266A with Ludvik Electric for Gross Reservoir Duct Bank Replacement;

Second Amendment to Contract 13790A with Professional Security, LLC, for Armed Guard Security Services at Board Facilities;

Second Amendment to Agreement 14099A with CH2M Hill Engineers, Inc., for Marston Treatment Process Improvements;

Second Amendment to Contract 14119A with Ferrellgas for Propane for Outlying Denver Water Facilities;

Second Amendment to Task Order Agreement 14340B with MWH Americas, Inc., for Williams Fork and Dillon Dam – Seismic Hazard Assessments to FERC Draft Comments;

Second Amendment to Task Order Agreement 14363D with URS Corporation for Antero Dam Rehabilitation Senior Technical Review;

First Amendment to Agreement 14657A with CAD-1 for AutoDesk Mentoring Plan;

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Third Amendment to Agreement 15000A with RJH Consultants, Inc., for Antero Dam Rehabilitation Project; and

First Amendment to Agreement 15034A with Carollo Engineers, Inc., for Marston Treatment Plant Chemical Systems Upgrade,

all as more particularly described in the attachment to Agenda Item II-A-8, which is attached to and incorporated in these Minutes as Exhibit "B."

9. **ITEM II-A-9: AMENDMENT TO AGREEMENT FOR EXPERT WITNESS SUPPORT IN LITIGATION OF ENVIRONMENTAL FLOW APPLICATION**

Approved the Fourth Amendment to Agreement 14195A with Bishop-Brogden Associates, Inc., for additional expert witness support for Denver Water's Environmental Flow Application, which was filed to allow Denver Water to use water for environmental purposes in Grand County pursuant to the Colorado River Cooperative Agreement. The amendment extends the Agreement through February 1, 2015, and adds \$61,000.00 for a total amended contract amount not to exceed \$156,000.00. A copy of the amendment is attached to and incorporated in these Minutes as Exhibit "C."

10. **ITEM II-A-10: AGREEMENT WITH VECTRONICS MARKETING, INC.**

Approved Agreement 15425A with Vectronics Marketing, Inc., for maintenance and support services for Information Technology infrastructure HP and Cisco equipment through May 31, 2017, for a total contract amount not to exceed \$450,000.00. A copy of the Agreement is attached to and incorporated in these Minutes as Exhibit "D."

11. **ITEM II-B-1: CONTRACT FOR CLIMATE CHANGE COMMUNICATION**

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

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12. **ITEM II–B–2: THIRD AMENDMENT TO AGREEMENT WITH GBSM, INC.**

Approved the Third Amendment to Agreement 14684A with GBSM, Inc., for strategic public policy and issues management consulting services. The amendment extends the Agreement through December 31, 2014, and adds \$100,000.00 for a total amended contract amount not to exceed \$330,000.00. Mr. Lochhead explained that the amendment restructures the original Agreement into a retainer arrangement with GBSM, Inc. A copy of the amendment is attached to and incorporated in these Minutes as Exhibit "E."

13. **ITEM III–A: LEAN UPDATE**

Ms. Wilcox presented an update on the Lean Program, discussing the targets, four value streams, and rapid improvement events for 2014. She noted that Denver Water is in its third year of implementing Lean. She described how Lean has informed the organization of work that needs to be done to improve customer satisfaction, including changes recently made in the Transmission and Distribution section. Mr. Roode explained that in order to minimize interruptions to regular work in the streets when emergencies arise, the section has dedicated one crew to work on water lines throughout the system daily without interruption. Other crews will be sent to handle emergencies.

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

14. **ITEM III–B: BUSINESS NEEDS OF FINANCIAL SYSTEM**

Ms. Bryant gave a presentation on the need to develop integrated financial systems, where users can easily find accurate information, particularly regarding accounting and budgeting. An analysis of the current systems by PricewaterhouseCoopers found multiple difficulties across the organization. The consultants made more than 50 recommendations as a result, which the team plans to evaluate while determining the needs of the organization. A

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new financial system, including the appropriate technology, will be designed and implemented later.

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

15. **ITEM IV–A: CEO REPORT**

Mr. Lochhead reported several staff members attended the AWWA annual conference in Boston and gave presentations. Additionally, the Director of Public Affairs, Sally Covington, and Commissioner Tate visited Washington, D.C., with Accelerate Colorado. There, Senator Udall spoke about his support for the Colorado River Cooperative Agreement and the Moffat Project. Representative Perlmutter spoke about Denver Water and how it conducts business. Representative Polis expressed his support for the Moffat Project as well, which staff hopes will help relations with Boulder County regarding the project.

Additionally, Mr. Lochhead mentioned he spoke at the Colorado Forum with Governor Hickenlooper, who signed into law Senate Bill 103 regarding high-efficiency water fixtures. Mr. Lochhead noted the Governor vetoed Senate Bill 23, which would have allowed agricultural water users on the West Slope to transfer water efficiency savings to the Colorado Water Conservation Board for instream use purposes.

Mr. Lochhead also attended a two-day roundtable discussion at the Aspen Institute about water issues in the United States.

Lastly, Mr. Lochhead reported that the public comment period on the Moffat Project Environmental Impact Statement ("EIS") concluded and that the U.S. Army Corps of Engineers received productive comments from the state. Boulder County submitted a comment letter that was critical of the EIS, however. The County opined that the Corps failed to identify the local impacts that will result from construction of the project. However, Mr.

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Lochhead explained the studies to determine local impacts are ongoing. Staff will continue to work with Boulder County and to reach out to the local community to explore mitigation of the impacts.

16. **ITEM IV-C: OPERATIONS REPORT**

Mr. Steger provided an update on water supply conditions. With the exception of Marston Forebay, which was drawn down for a construction project, all reservoirs in the collection system are full or will be full in the next few weeks. Due to the September 2013 flooding and resulting damage to some water channels, Denver Water has limited the amount of water traveling through the Moffat Tunnel, in order to maintain space in Gross Reservoir for additional snowmelt. In Summit County, the snowpack is high and there are concerns about potential flooding. Therefore, staff drew down Dillon Reservoir by 23 feet in the spring, and the reservoir – now at 11 feet from full – is slowly filling. Staff expects Dillon Reservoir to be full in approximately three weeks. Lastly, Mr. Steger reported that a new valve installed at Cheesman Reservoir in 2012 was tested on June 10, 2014, and it performed well with a full reservoir.

Mr. Roode reported on the failure of a valve at Meadowcreek Reservoir a few weeks ago, when inflows were high and the reservoir water was still frozen. Staff was concerned about the reservoir overflowing, but they were able to resolve the problem by breaking up the ice in the reservoir.

Additionally, Mr. Roode reported a county road in Summit County was flooded, stranding residents of Montezuma. The repairs will cost the county \$2 million. There was no damage to nearby Denver Water property, but Denver Water will allow temporary staging on the property while the county repairs the road.

Mr. Mahoney mentioned that three small landslides occurred near the Arrow Tunnel located near Winter Park. Denver Water's water collection canal was cleaned out and stabilized to prevent future slides in these areas. He also

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discussed a sinkhole that was discovered between two buildings near Dillon Reservoir. Mr. Brinker said an excavation showed loose material and oversized rock in the sinkhole. The area was backfilled and will be checked by Dillon caretakers and during upcoming dam safety inspections.

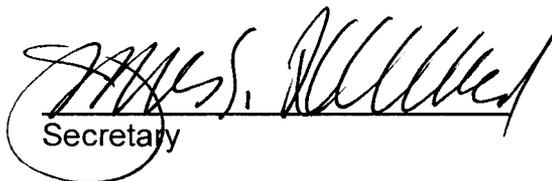
17. **ITEM V-A: SCHEDULING OF FUTURE BOARD MEETINGS AND TENTATIVE DISCUSSION TOPICS**

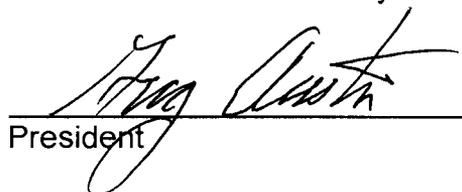
The Board received the Schedule of Future Board Meetings and Tentative Discussion Topics, which is attached to and incorporated in these Minutes as Exhibit "H."

18. **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 "I."

No further business appearing, the Board voted unanimously to adjourn at 11:05 a.m.


Secretary


President