

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

OPEN SESSION

January 13, 2016

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, January 13, 2015, beginning at 9:00 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

Penfield W. Tate, III, President
John R. Lucero, First Vice President
Thomas A. Gougeon, Vice President
Paula Herzmark, Vice President
H. Gregory Austin, 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	W. Bates, <i>Acting</i> Director of Planning
T.L. McGuire-Collier, <i>Acting</i> 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
M. Elliot, <i>Acting</i> Director of Public Affairs	Z. Campbell, System Manager of Water Quality and Treatment
U. Sharma, Treasurer	P.B. Coleman, Chief Internal Auditor
K. Bates, Attorney	M. Price, Division Office Business Manager
D.M. Hamm, Staff Analyst	R. Wirth, Finance Manager
S. Snyder, Special Projects Coordinator	B. Maulis, Contract Specialist

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J. Seagren, Distributor Relations Manager	T. Villegas, Construction Inspector
A. Turney, Chief of Distribution & Property Management	J. Stone, Global Positioning System Coordinator
R. Stitt, Planner	M. Miller, Water Treatment Technician
G. Fisher, Manager of Demand Planning	J. Hitchcock, Water Treatment Lead Technician
M. Garfield, Customer Care Manager	Z. Alabbasi, Water Treatment Plant Supervisor
Y. Her, Contracts Supervisor	D. Walsh, Engineer
J. Tejral, Manager of Water Conservation	J. Shaw, Conservation Specialist
B. Peters, Water Resource Engineer	A. Turney, Chief of Distribution and Property Management
J. Bandy, Manager of Water Rights Protection	N. Rising, Law Clerk
A. Chotiner, Division Office Business Manager	S. Dominick, Water Resource Engineer
P. Daukas, Manager of Environmental Planning	A. Chavez, Staff Analyst
L. Kaatz, Environmental Scientist	A. Ingram, Contract Specialist
J. Davis, Attorney	D. Shable, Engineer
S. Price, Engineer	D. Finnerty, Water Conservation Office Technician
D. Hamm, Staff Analyst	B. Honeycutt, Conservation Specialist
J. Adams, Communication Specialist	W. Rux, Process Control Specialist
J. Hittle, Colorado State University	A. Dobson, Engineering Records Technician
A. Song, Assistant Water Treatment Plant Supervisor	M. Waage, Manager of Water Resource Planning
G. Anderson	C. Walton, Swingle Lawn, Tree & Landscape Care
J. Miller	J. Gibson, Swingle Lawn, Tree & Landscape Care
P. Hewett	C. Henebry-Branscomb
J. Wacker-Farrand	

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Commissioner Tate called the meeting to order at 9:15 a.m.

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

Public Comment and Communications

Commissioner Tate issued an invitation to members of the public to comment to the Board on any matters not included in the Agenda for the meeting. Mr. Walton of Swingle Lawn, Tree & Landscape Care addressed the Board regarding Denver Water's recent decision to change the hydrant permitting process from one based on gallons used to a flat fee for entities wishing to utilize hydrant water. He commented that the decision has resulted in an increase in his organization's utilization fees, and that they would like to discuss options with Denver Water regarding a more equitable hydrant access fee. Ms. Anderson responded that the permitting change resulted from a Rapid Improvement Event which sought to streamline the fee structure. She said that after the event Denver Water communicated the change to 500 permit users and received 20 complaints. Based upon that feedback and Mr. Walton's comments Denver Water has decided to re-visit the permitting fee structure and invite all stakeholders to participate in discussions to develop an equitable structure.

Introductions, Awards and Ceremonies

Mr. Campbell presented the Board with the AWWA Partnership for Safe Water Director's Award, which was recently awarded to the Moffat Treatment Plant for excellence in providing safe drinking water. He commented that less than one percent of water utilities have earned this award and thanked the team at Moffat for their efforts: Zack Alabbasi, Water Treatment Plant Supervisor, Andrea Song, Assistant Water Treatment Plant Supervisor, Whitney Rux, Process Control Specialist, Michelle Miller, Water Treatment Technician, and John Hitchcock, Water Treatment Lead Technician. Ms. Song remarked the guidance provided by Denver Water's Strategic

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Plan and vision to be the best water utility in the nation gave her and the team encouragement to strive for the award. Mr. Alabbasi said that setting the goals needed to achieve this award made the team's work enjoyable and he thanked the team for their efforts.

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 ANNUAL MEETING OF DECEMBER 9, 2015**

The reading of the minutes of the annual meeting of December 9, 2015 was dispensed with and such minutes were approved.

2. **ITEM II-A-2: MINUTES OF DECEMBER 9, 2015**

The reading of the Minutes of the Regular Meeting of December 9, 2015, was dispensed with and such Minutes were approved.

The Minutes of the Executive Session of December 9, 2015, were approved.

3. **ITEM II-A-3: MINUTES OF DECEMBER 16, 2015**

The reading of the Minutes of the Regular Meeting of December 16, 2015, was dispensed with and such Minutes were approved as amended.

4. **ITEM II-A-4: EMPLOYEES ELIGIBLE FOR REGULAR STATUS**

The following employees were classified as regular employees of the Board, with all rights and privileges thereof, effective January 1, 2016, unless otherwise noted:

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Employee Name	Employment Date	Division/Section
Eugene Guzikowski	6-8-2015	Operations & Maintenance
Harold Cogan	1-20-2015	Operations & Maintenance
Brenley McKenna	6-8-2015	Planning
Wesley Slinkard	6-29-2015	Planning
John Gebhart	4-27-2015	Public Affairs

5. **ITEM II-A-5: EMPLOYEES HIRED ABOVE THE MIDPOINT**

Approved hiring certain employees at a rate of pay higher than the midpoint of the pay for their respective positions, as shown in Agenda Item II-A-5, a copy of which is attached to and incorporated in these Minutes as Exhibit A.

6. **ITEM II-A-6: DRY BARREL FIRE HYDRANTS BID TABULATION**

Awarded Contract 16520B to HD Supply Waterworks and Contract 16520C to American Flow Control for dry barrel fire hydrants, for a contract period of January 13, 2016 through December 31, 2018 and for a total contract amount not to exceed \$800,000.00. The tabulation of bids is attached to and incorporated in these Minutes as Exhibit B.

7. **ITEM II-A-7: LEASE AGREEMENT WITH FOOTHILLS PARK AND RECREATION DISTRICT AT HARRIMAN LAKE**

Approved Lease Agreement 15967A with Foothills Park and Recreation District for a contract period of January 13, 2016 through January 12, 2036 for a total contract amount of \$25,000.00.

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

Ratified Construction Contracts Change Orders and Amendments to Contracts/Agreements authorized in November and December 2015 as follows:

Change Order No. 3 to Contract 13474A with Sturgeon Electric Company, Inc. for the Foothills Treatment Plant electrical service and main switchgear replacement project;

Change Order No. 5 to Contract 14063B with Western Summit Constructors, Inc. for the Ashland Reservoir replacements;

Change Orders No. 7 and 8 to Contract 15329A with U.S.A. Construction, Inc. for the Hillcrest Powerhouse preventative maintenance teardown of hydro equipment;

Change Order No. 1 to Contract 15467A with Underground Infrastructure Technologies, Inc. for the 20-inch main installation at 40th Street and Blake Street;

Change Order No. 1 to Contract 15687A with Underground Infrastructure Technologies, Inc. for the Meadow Creek Dam Outlet works renovation; and

Sixth Amendment to Contract 15103A with CDM Smith, Inc. for the Moffat Collection System 401 certification process.

9. **ITEM II–A–9: NALCO NON-IONIC POLYMERS**

Approved Contract 16488A with Nalco Company for non-ionic polymers for the contract period January 13, 2016 through December 31, 2020 for a total contract amount not to exceed \$486,000.00.

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10. **ITEM II–A–10: FOURTH AMENDMENT FOR LEAN CONSULTING**

Approved the Fourth Amendment to Contract 13913A with Simpler North America, LLC to provide Lean consulting services. The amendment extends the contract period through December 31, 2016 and adds \$214,360.00, for a total amended contract amount not to exceed \$1,831,258.00.

11. **ITEM II–A–11: AGGREGATE MATERIAL BID TABULATION**

Awarded Contracts 16489B, 16489C, 16489D, and 16489E to Albert Frei and Sons, Inc., Elk Creek Sand and Gravel, LLC, Dave Stefanich, Inc. (d/b/a All Demolition Excavating Company), Colorado Recycling and Landscape Materials, and Martin Marietta Materials, Inc. for aggregate material for a contract period of January 13, 2016 through December 31, 2018, for a total contract amount not to exceed \$1,400,000.00

12. **ITEM II–A–12: MPA, GIARDIA AND CRYPTOSPORIDIUM, AND LT2 LABORATORY ANALYSIS**

Approved Contract 16392A with CH Diagnostic & Consulting Services, Inc. for the purchase of laboratory testing services for the contract period of January 13, 2016 through January 13, 2019, for a total contract amount not to exceed \$165,000.00.

13. **ITEM II–A–13: TABULATION OF BID PROPOSALS FOR LUPTON LAKES GROUNDWATER CUTOFF WALLS**

Awarded Contract 16402A to Magnus Pacific, LLC for Lupton Lakes groundwater cutoff walls for the contract period of January 13, 2016 through February 23, 2018, for a total contract amount not to exceed \$3,984,955.00. The tabulation of bids is attached to and incorporated in these Minutes as Exhibit C.

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14. **ITEM II–A–14: AMENDMENT TO CONTRACT WITH TRIMBLE NAVIGATION FOR VIRTUAL REFERENCE SYSTEM**

Approved the Second Amendment to Contract 15292A with Trimble Navigation for Virtual Reference System services. The amendment extends the contract period through December 31, 2016 and adds \$40,000.00, for a total amended contract amount not to exceed \$120,000.00.

15. **ITEM II–A–15: RATIFICATION OF AUTHORIZATION TO BIND WORKERS' COMPENSATION EXCESS INSURANCE AND PURCHASE WORKERS' COMPENSATION SELF INSURANCE BOND**

Ratified the authorization to bind workers' compensation self-insurance with Midwest Employers Casualty Company for the period of February 1, 2016 through January 31, 2017, and to purchase the self-insurance bond covering the same period, from Travelers Indemnity Company.

16. **ITEM II–A–16: CONTRACT WITH BERENBAUM WEINSHENK FOR LEGAL SERVICES**

Approved Contract 16583A with Berenbaum Weinshenk for legal services for the contract period January 13, 2016 through December 30, 2018, for a total contract amount not to exceed \$150,000.00.

At 10:30 a.m. Commissioners Lucero and Herzmark joined the session.

17. **ITEM II–B–1: MANAGEMENT OF FIXTURE RETROFITS FOR THE WATERSENSE CHALLENGE PROGRAM**

Approved Contract 16456A with Sustain Ability Solutions for management of the fixture retrofits for the WaterSense Challenge Program for the contract period of January 13, 2016 through December 31, 2017, for a total contract amount not to exceed \$350,000.00.

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18. **ITEM II–B-2: SECOND AMENDMENT FOR WATER CONSERVATION AUDIT AND RETROFIT/REPAIR PROGRAM FOR LOW INCOME AND NON-PROFIT CUSTOMERS**

Approved the Second Amendment to Contract 15085A with Mile High Youth Corps, for the Water Conservation Audit and Retrofit/Repair Program for low income and non-profit customers. The amendment extends the contract period through December 31, 2017 and adds \$180,000.00, for a total amended contract amount not to exceed \$1,662,911.00.

Ms. Shaw presented the Board with an over view of the Water Conservation Audit and Retrofit/Repair Program and the WaterSense Challenge Program. She emphasized that these programs successfully encourage customers who otherwise wouldn't change their inefficient water fixtures to make the change to the highest efficiency fixtures available. She said these programs are cost effective, in that they each save about 100 acre feet of water/year at an overall average cost of around \$5000 per acre foot of water saved. They are also well-received by customers and stakeholders. She provided a graph of customer use pre and post program participation and emphasized that by viewing programs through the lens of water reductions only, we miss an opportunity to understand when a customer has reached maximum efficiency or if they could do more. She said that the Water Conservation staff regularly communicate with the program customers to ensure that water use stays on track as expected. Ms. Shaw thanked Ms. Finnerty and Ms. Honeycutt for their commendable efforts in these programs. A copy of the presentation is attached to and incorporated in these Minutes as Exhibit D.

19. **ITEM III–A: NATIONAL WESTERN COMPLEX-WATER QUALITY LAB**

Mr. Fisher presented the Board with an update on the developing partnership between Denver Water, Colorado State University (CSU) and the National Western Center for the creation of a new water quality facility, an innovation center and CSU's water resource center. He said that the innovation center

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concept is intended to meet customer needs in the future and will act as a proving ground for emerging technologies. He reported that staff has participated in two Denver design charrettes, led by Ms. Hittle, intending to develop the basic square footage layout for state budgeting purposes. Additionally staff has attended two meetings with CSU to discuss very high level space programming and has attended an executive oversight committee meeting for the National Western complex. The current timeline goal is to complete the site, land, rail and environmental work during the next three to four years, and to continue design conversations with CSU through 2018. Mr. Fisher outlined the next steps which include developing a non-binding memorandum of understanding with National Western and CSU, conducting internal design charrettes, and continuing conversations with CSU regarding design.

Ms. Hittle, Director of the Denver Program Development for the CSU system, expressed appreciation for Denver Water's involvement with the National Western project. She said that when the project's square footage is developed, a cost estimator will develop a high level project budget which will be reviewed by CSU's Board of Governors. She said that these discussions are occurring now because the project budget will need to be approved by the legislature, which only occurs once per year.

Mr. Lochhead remarked that this project has important potential and fits within Denver Water's Integrated Resource Plan, process of continuous planning and its efficiency programs.

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

20. **ITEM III-B: IRP OVERVIEW**

Mr. Waage and Ms. Dominick presented the Board with an overview of the Integrated Resources Plan (IRP) development process, which has been designed with input from the Executive Team, System Managers and section

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leaders throughout the organization. As one of Denver Water's seven priorities for 2016, this IRP will incorporate long-term and broad thinking, creativity, innovation, analysis and learning. The three goals are to inform the capital plan, plan for the entire water system and to continue to foster vision and creativity.

Unlike many water utility IRP's, this one will incorporate complete scenario planning, including: 1) near term solutions; 2) reviewing options that can be preserved to deal with more challenging future conditions; and 3) identification of trigger points for implementation of options.

The leadership team, including Mr. Waage, Ms. Dominick, Mr. Bates, Mr. Fisher and Mr. King, will be supported by technical teams and a steering committee of system managers. The Executive Team and Board will provide policy guidance and guidance on methods for procurement of an IRP consultant.

The team is currently completing a work plan, which will be followed by a current state assessment, development of initial service level goals, testing of the service level goals, refreshment of scenarios, a gap analysis, development of a toolbox of options, portfolio development and plan adoption.

Mr. Lochhead remarked that this is a true dedicated effort driven by the strategic priorities, and will engage the entire organization and the entire water system. The goal is to assist with the development of long term capital planning to have the best information and build the right projects at the right time for Denver Water's customers.

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

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21. **ITEM IV–A: CEO REPORT**

Mr. Lochhead said that he was recently in Las Vegas for the Colorado River Water Users meeting and reported that the Lower Basin is engaged in confidential discussions at the principal level to deal with the structural deficit, and to try to get more water into Lake Mead. This effort fits with the Upper Basin system conservation pilot project intended to analyze moving water to Lake Powell.

He also reported that Denver Water is moving forward with the JDQ process and recommendations from Segal Waters.

Mr. Lochhead reported that there are two OCR milestone dates: January 25, 2016 marks the installation of construction fencing on the campus; and February 1, 2016 marks the date that Mortensen Construction will begin to demolish buildings on campus. He said that Denver Water held a construction open-house this week and distributed yak-tracks to employees to help ensure their safety while having to walk longer distances between available parking and their work stations during construction.

The OCR project budget is within .5% of budget. The 90% drawings for phase one will be complete on February 16, 2016 and ready for permit submittals.

Finally, Mr. Lochhead reported that Denver Water has hired Mike King to be the new Director of Planning. He will begin work February 8, 2016.

ITEM IV–B: CFO REPORT:

Ms. Bricmont reported that Finance will bring a 2015 Budget wrap-up to the Board during the first quarter of 2016. They will also ask the Board to approve some corrections to the 2016 Budget. She also reported that the ORCA project team is conducting conference room pilot exercises this week and then subsequently every six weeks through May 2016. She said that the

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target is to be 95% developed for the July 2016 target date. She will keep the Board informed of the progress made at each conference room pilot exercises, as well as Clifton Larson's results from evaluating and testing the ORCA project.

22. **ITEM IV–C: OPERATIONS REPORT**

Mr. Roode reported that Engineering will soon ask the Board to ratify a contract to replace a 60-inch pipe in University Boulevard.

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, a copy of which is attached to and incorporated in these Minutes as Exhibit G.

24. **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 H.

25. **ITEM V–C: 2012-2015 (“ON-CALL”) GENERAL ENGINEERING AND CONSTRUCTION MANAGEMENT SERVICE CONTRACTS**

The Board received a tabulation of contracts entered into under On-Call General Engineering Design Services and Construction Management Services Contracts for the period of August 2012 through August 2015, which is attached to and incorporated in these Minutes as Exhibit I.

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26. **ITEM V–D: 2015-2018 (“ON-CALL”) GENERAL ENGINEERING,
CONSTRUCTION MANAGEMENT AND PLANNING SERVICE
CONTRACTS**

The Board received a tabulation of contracts entered into under On-Call General Engineering Design Services and Construction Management Services Contracts for the period of September 2015 to date, which is attached and incorporated in these Minutes as Exhibit J.

27. **ITEM V–E: REPORTING OF STAFF ADMINISTERED
CONSTRUCTION CONTRACT CONTINGENCIES AND ALLOWANCES**

The Board received a report for the Fourth Quarter 2015 of actions taken by the CEO/Manager or his designees under the authority granted to him by the Board to burden or dispose of Board property or involve an expenditure of \$10,000.00 or more, 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 an Executive Session at approximately 11:36 a.m.

EXECUTIVE SESSION

On Wednesday, January 13, 2015, commencing approximately at 11:45 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:

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1. Property Transactions § 24-6-402(4)(a)
2. Litigation § 24-6-402(4)(b)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 12:00 p.m.


Secretary


President