

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

OPEN SESSION

January 27, 2016

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, January 27, 2016 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
S. 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
K. Bates, Attorney	M.E. Elliott, Assistant Director of Public Affairs – Government, Stakeholder Relations and Conservation
D. Arnold, Attorney	M. Price, Division Office Business Manager
R. DeCoursey, Finance Manager	R. Wirth, Finance Manager
T. Cristiano, Manager of Budgets and Rates Administration	
T. Bryant, Controller	

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D.M. Hamm, Staff Analyst	B. Maulis, Contract Specialist
S. Snyder, Special Projects Coordinator	R. Steger, Manager of Raw Water Supply
J. Seagren, Distributor Relations Manager	R. Peters, Water Resource Engineer
R. Stitt, Planner	A. Chotiner, Division Office Business Manager
J. Lorton, Manager of Accounting	B. Reum, Manager of Geospatial Information and Technology
N. Miles, Administrative Assistant	S. Dominick, Water Resource Engineer
B. Haggerty, Human Resource Specialist	S. Miller, Manager of Health Care and Benefits Administration
L. Martinez, Manager of Total Rewards	M. Waage, Manager of Water Resource Planning
L. Billeter, SMWBE Program Outreach Coordinator	G. Fisher, Manager of Demand Planning
J. Novak, Office Management Assistant	Y. Her, Contracts Supervisor
C. Piper, Intergovernmental Affairs Coordinator	U. Sharma, Treasurer
D. Batt, IT Project Manager	J. Shaw, Conservation Specialist
T. Thornton, RNL	E. Helgeson, Senior Financial Analyst
J. Govin, RNL	S. Franey, Sr. Internal Auditor
C. Hennebry	J. Loesel, DeNovo
J. Wacker-Farrand	M. Sullivan, Trammel Crow
	W. Mosher, Trammel Crow
	A. Brown, Trammel Crow
	A. Harcek, RNL

Commissioner Tate called the meeting to order at 9:25 a.m.

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. There was no response.

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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: COOPERATIVE STREAM GAUGING PROGRAM WITH THE U.S. GEOLOGICAL SURVEY**

Approved Contract 16558A with the U.S. Geological Survey for the operation of twenty-seven gauging stations for the contract period January 1, 2016 through December 31, 2016, for a total contract amount not to exceed \$289,870.00.

2. **ITEM II-A-2: PARTICIPATION IN 2016 DENVER REGIONAL COUNCIL OF GOVERNMENTS (DRCOG) DENVER REGIONAL AERIAL PHOTOGRAPHY PROJECT (DRAPP)**

Approved the First Amendment to Contract 15394A with DRCOG for license and the Board's participation in the 2016 DRAPP. The amendment extends the contract period through December 31, 2016 and adds \$167,800.00, for a total amended contract amount not to exceed \$334,800.00.

3. **ITEM II-A-3: EMPLOYEE RECOGNITION**

Contract 16341A was withdrawn from the Agenda so that the selection committee may reevaluate employee recognition options.

4. **ITEM II-A-4: APPROVAL OF CONTRACT WITH CANNON COCHRAN MANAGEMENT SERVICES, INC. (CCMSI), THIRD PARTY ADMINISTRATOR FOR WORKERS' COMPENSATION CLAIMS**

Approved Contract 16611A with CCMSI for third party administration services of Denver Water's self-insured workers' compensation plan for the contract

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period January 27, 2016 through January 31, 2019, for a total contract amount not to exceed \$165,000.00.

5. **ITEM III-A: OCR UPDATE**

Mr. Mosher presented the Board with an update of the campus redevelopment project, a copy of which is attached to and incorporated in these Minutes as Exhibit A.

He noted that demolition will begin February 8, 2016 and that the City and County of Denver has approved Denver Water's use of the Sears parking lot during construction. He reported that test bores have been drilled in the detention pond area with results expected next week.

Discussions continue regarding the One Water aspect of the project, and Trammel Crow will discuss the solar options with the leadership team on February 1, 2016.

Mr. Harcek presented an update of the administration building design, a copy of which is attached to and incorporated in these Minutes as Exhibit B.

He noted the project's guiding principles and stated that the goal is to create a landmark in the Denver skyline. He said that the inspiration is the story of water, and its role in nature, the environment and the great expanse of the Rocky Mountains. Material selection will incorporate the concept of the effects that water has on materials over time and will be analogous to Denver Water's history, while looking to the future and setting standards for environmental stewardship.

Commissioner Herzmark commented that the design is economical, functional and will beautify the landscape.

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6. ITEM III-B: SYSTEM CONSERVATION AGREEMENT

Mr. Waage and Mr. Arnold presented the Board with an update on the Colorado River System Conservation Pilot Program (SCPP) and resulting projects, a copy of which is attached and incorporated in these Minutes as Exhibit C.

Mr. Waage reminded the Board that in 2014 Lakes Mead and Powell were in decline and the areas around the Colorado River were experiencing one of the worst droughts on record. He said that four large municipal water users and the Bureau of Reclamation developed a plan to test emergency measures in a voluntary and compensated manner. Under the SCPP, conserved water would be put into the system to preserve minimum levels in Lakes Mead and Powell.

Denver Water, the Southern Nevada Water Authority, the Central Arizona Project, the Metropolitan Water District of Southern California, and the Bureau of Reclamation contributed funding for the SCPP.

Funding has been jointly allocated to projects in both the Upper and Lower Basins. Mr. Arnold said that requests for proposals were distributed, resulting in six contracted Lower Basin projects and ten contracted Upper Basin projects. The SCPP contracts involve reimbursing Colorado River water users for measurable reductions of consumptive use of Colorado River water. The benefits include water conservation, municipal leadership, Upper and Lower Basin cooperation, stronger partnerships with agricultural, tribal, and non-governmental organization leaders, and better alignment with Colorado Water Banking studies.

Commissioner Herzmark remarked that this proactive effort is important, speaks volumes to Denver Water's leadership and she hopes to see the effort continue.

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7. **ITEM III–C: ORCA**

Ms. Bricmont presented the Board with an update on the ORCA project, a copy of which is attached to and incorporated in these Minutes as Exhibit D.

She said that originally the Board was presented with a conceptual plan by Price Waterhouse Coopers to implement recommended changes in a one-year timeframe, but that the timeframe was reevaluated as the ORCA team realized the level of work involved in light of the organization's priorities and the team's capacity. The scope of work has been revised to include key changes to the financial reporting system in 2016 and changes to the project management system by 2018. Changes regarding Denver Water's time-keeping have been postponed until Human Resources has the opportunity to strategically evaluate that system. Changes to optimize the supply chain system have been eliminated from the scope of work because it is not an essential function for Denver Water.

Ms. Bricmont reported that the project team is involved in conference-room pilot testing of the financial system with end-users. The first conference room pilot was successful, with six of eight modules passing tests. The two remaining modules will be improved, and there will be two additional conference room pilots, with an anticipated "go live" date of July 5, 2016.

Ms. Bricmont will continue to present updates to the Board on a monthly basis.

8. **ITEM III–D: IRP WORK PLAN**

Mr. Waage and Ms. Dominick presented the Board with an update of the IRP work plan, a copy of which is attached to and incorporated in these Minutes as Exhibit E.

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A key outcome of the Integrated Resource Plan is to inform the capital planning process so that the right projects, at the right size and time are developed for Denver Water and its customers.

Ms. Dominick reviewed the proposed management and consulting structure. The plan development team (consisting of key members of the management team, steering committee, and technical committees) will identify key assumptions, establish scenarios and gather information from technical teams. The following technical teams will assist with plan development: demand; reuse/One Water; distribution; treatment; and supply. MWH has helped develop the scope of the plan and a number of other consultants have provided technical work that will be incorporated into the IRP. The management team will issue a request for proposals for a consultant to assist with the development of the IRP and a strategic planning consultant.

The Board will receive regular updates on the IRP in the form of summaries of technical memos for each major task, monthly updates through CEO reports and quarterly status reports on schedule, budget and hot topics. The Board's role will be to provide feedback, provide policy guidance, provide input on the development of future scenarios, assist in developing an adaptive plan and incorporate it into capital planning.

9. **ITEM IV–A: CEO REPORT**

The Board received a CEO year-end report attached to and incorporated in these Minutes as Exhibit F.

Mr. Lochhead remarked that the Board of Directors meeting of the Water Research Foundation (WRF) recently. The WRF is a worldwide foundation undertaking directed research for the benefit of water utilities. Over the last year, the WRF had been in merger discussions with the Water Environment Research Foundation (WERF), a research foundation focused on wastewater and stormwater research. The merger discussions were not successful, in part because of a disagreement as to the governance structures of the two

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organizations. Now, WRF plans to broaden its scope of research to include among other things, a One Water concept.

Mr. Lochhead also serves on the Board of the Association of Metropolitan Water Agencies (AMWA), chairing the sustainability committee. Recently, the Sustainability Accounting Standards Board (SASB) presented a draft of sustainability accounting standards for water utilities, which reflected a lack of understanding of the water utility business. AMWA joined with the American Water Works Association in commenting to the SASB that it should withdraw the proposed standards. Denver Water will work with AMWA to explore the concept of whether utilities can develop their own sustainability standards.

Mr. Lochhead said that the Front Range Water Council sponsored a luncheon at the state capitol, with twenty-five legislators attending.

Finally, Mr. Lochhead reported that members of the Denver City Council attended a very successful tour of the Denver Water's recycled water plant.

10. **ITEM IV-B: CFO REPORT**

The Board received the 2015 Year End Financial Report dated December 31, 2015, as set forth in Agenda Item IV-B, which is attached to and incorporated in these Minutes as Exhibit G.

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

In light of the recent Flint, Michigan lead crisis, Mr. Roode informed the Board regarding Denver Water's process for testing water sources and any changes to the water system. He said that before Denver Water changes any water source or chemical in the system, it is tested extensively with oversight from the State of Colorado. Public Affairs has been preparing for customer questions about lead and is prepared to explain why the Flint, Michigan crisis will not happen in Denver.

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Mr. Roode also reported that the High Line Canal Conservancy project selected a consultant for its visioning process. They had a kickoff fundraiser and are building momentum.

12. **ITEM IV-D: LEGISLATIVE REPORT**

Mr. Piper presented the Board with a legislative report, which is attached to and incorporated in these Minutes as Exhibit H.

He reported on SB16-003 and HB16-1019 which lift the ban on broadcast burns. He recommends that Denver Water support both measures.

He reported on SB16-037, which requires governments to strip confidential information from electronic records and put them in a format that is broadly accessible and available. The Colorado Municipal League strongly opposes this bill and Mr. Piper recommends similar action by the Board.

13. **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 I.

14. **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 J.

15. **ITEM V-C: NEW CONTRACT SUMMARY**

The Board received a report of contracts entered into in the Fourth Quarter of 2015 for amounts between \$20,000.00 and \$100,000.00, a copy of which is attached to and incorporated in these Minutes as Exhibit K.

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16. **ITEM V-D: UPDATE OF PURCHASE OF SASAKI LAND AND FULTON DITCH SHARES AT LUPTON LAKES FOR AGRICULTURAL STUDIES AND POTENTIAL LONG TERM DOWNSTREAM RESERVOIR EXPANSION CONTRACTS**

The Board received an update on the purchase of the Sasaki land and Fulton Ditch shares, a copy of which is attached to and incorporated in these Minutes as Exhibit L. The Board was informed about the termination of the contracts.

No further business appearing, the Board voted unanimously to adjourn at approximately 12:30 p.m.


Secretary


President