

**RECORD OF PROCEEDINGS
MINUTES
of the
BOARD OF WATER COMMISSIONERS**

Denver Water Administration Building
1600 West 12th Avenue
Denver, CO
Board Room, Third Floor

Wednesday, April 13, 2016

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, April 13, 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
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	M. King, Director of Planning
T.J. Roode, Director of Operations and Maintenance	J.A. Anderson, Director of Customer Relations
R.J. Mahoney, Director of Engineering	S. Covington, Director of Public Affairs
B.D. Good, Deputy Manager of Organizational Improvement	C.R. Dermody, Director of Information Technology
T. Bryant, <i>Acting</i> Director of Finance	P.A. Carey, Manager of Purchasing and Contracting
G. Cagle, Director of Human Resources	P.B. Coleman, Chief Internal Auditor
W. Austin, Manager of Safety and Security	J. Spitze, IT Project Manager
T. Cristiano, Manager of Budgets and Rates Administration	A. Chotiner, Division Office Business Manager
J. Lorton, Manager of Accounting	B. Reum, Manager of Geospatial Information and Technology
D. Hamm, Staff Analyst	D. Fish, Fleet Supervisor
M. Garfield, Customer Care Manager	C. Burri, Environmental Scientist

Denver Water aspires to be the best water utility in the nation.

Integrity :: Vision :: Passion :: Excellence :: Respect



K. Urie, Environmental Scientist	S. Miller, Manager of Health Care and Benefits Administration
J. Wittler, Attorney	A. Ingram, Contract Specialist
J. Seagren, Distribution Relations Manager	L. Weber, Planner
U. Sharma, Treasurer	J. Tolmich, Manager of Fleet Operations
A. Rettig, Finance Manager	J. Finehout, Community Relations Specialist
K. Petrik, Chief of Construction Management	R. Wirth, Finance Manager
L. Martinez, Manager of Total Rewards	S. Franey, Sr. Internal Auditor
S. Snyder, Special Projects Coordinator	K. Bates, Attorney
	A. Pokua-Nuako, Associate Finance Analyst
	R. Moore, George K. Baum & Co.
	M. Hogan, Sherman & Howard
	C. Hatch

I. BOARD ADMINISTRATIVE BUSINESS

Commissioner Tate called the meeting to order at 9:20 a.m.

Upon motion regularly made, seconded and unanimously carried, Commissioner Lucero was found to be absent for substantial cause and was 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. There was no comment.

II. ACTION ITEMS

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 MARCH 9, 2016

The reading of the Minutes of the Regular Meeting of March 9, 2016 was dispensed with and such Minutes were approved.

The Minutes of the Executive Session of March 9, 2016 were approved.

2. ITEM II-A-2: MINUTES OF MARCH 23, 2016

The reading of the Minutes of the Regular Meeting of March 9, 2016 was dispensed with and such Minutes 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 April 1, 2016, unless otherwise noted:

Name	Employment Date	Division/Section
Nicholas J. Kernan	9-14-2015	Customer Relations / Customer Care
Dale J. Nussbaum	4-6-2015	Customer Relations / Customer Service-Field
Lucy S. Basaldua	9-29-2015	Human Resources / Learning & OD
Shawn M. Goodman	9-14-2015	IT/Support Services
Michael J. Phillips, Jr.	9-21-2015	O&M/T&D Construction and Maintenance
Zackary M. Wilhite	9-21-2015	O&M/Winter Park

4. ITEM II-A-4: EMPLOYEES HIRED ABOVE MID-POINT

Approved hiring certain employees at a rate of pay higher than the mid-point of the pay range for their respective positions, as shown in Agenda Item II-A-4, a copy of which is attached to and incorporated in these Minutes as Exhibit A.

5. ITEM II-A-5: DEPOSITORY BANKING, CUSTODY, AND LOCKBOX SERVICES

Approved Contract 16434A for funding of Contracts 16434B, 16434C and 16434D with J.P. Morgan Chase Bank, N.A. for depository banking services, the Bank of New York Mellon Trust Company, N.A. for custody services and UMB Bank for lockbox services respectively, for the contract period of April 15, 2016 through March 31, 2021, for a total contract amount not to exceed \$1,500,000.00.

6. ITEM II-A-6: TABULATION OF BIDS FOR SOUTH PLATTE COLLECTION SYSTEM – NORTH METRO HOWE-HALLER & HAZELTINE RESERVOIRS PROPERTY FENCING

Awarded Contract 15563A to Environmental Logistics for construction of the South Platte Collection System – North Metro Howe-Haller and Hazeltine Reservoirs Property Fencing project for the contract period of April 15, 2016 through July 29, 2016 for a total contract amount not to exceed \$524,743.90. The tabulation of bids is attached to and incorporated in these Minutes as Exhibit B.

7. ITEM II-A-7: UPDATE TO OPERATING RULES CHAPTER 15

Approved changes to Chapter 15 of Denver Water's Operating Rules, specifically designed to provide consistency with Denver Water's Drought Response Plan, drought response guidelines and drought response programming elements, as well as to provide clarity to Denver Water customers. A copy of the changes is attached to and incorporated in these Minutes as Exhibit C.

8. ITEM II-A-8: NATURAL GRASS MOWING

Approved Contract 16564A with CoCal Landscape Services, Inc. for natural grass mowing services for the contract period of April 13, 2016 through March 31, 2019, for a total contract amount not to exceed \$210,000.00.

9. ITEM II-A-9: 2016 ASSESSMENT TO THE SOUTH PLATTE WATER RELATED ACTIVITIES PROGRAM, INC. IN SUPPORT OF THE PLATTE RIVER RECOVERY IMPLEMENTATION PROGRAM

Approved the payment of \$387,840.60 for Denver Water's 2016 assessment to the South Platte Water Related Activities Program, Inc.

10. ITEM II-A-10: RATIFICATION OF CONSTRUCTION CONTRACTS CHANGE ORDERS AND AMENDMENTS TO CONTRACTS/AGREEMENTS

Ratified Construction Contracts, Change Orders and Amendments to Contracts/Agreements authorized in February and March 2016 as follows:

Change Order No. 2 to Contract 16176A with Aslan Construction, Inc. for the Foothills Treatment Plant disinfection contact basis chemical feed modifications;

Change Order No. 1 to Contract 16420A with ASI Constructors, Inc. for the High Line Canal diversion dam replacement;

Eighteenth Amendment to Contract 05261A with Informatica Corp. for annual software maintenance and support;

Fifteenth Amendment to Contract 08046A with Hewlett Packard for annual software maintenance and support;

Twelfth Amendment to Contract 10249A with DLT Solutions for annual software maintenance and support;

First Amendment to Contract 11431D with Mythics for annual software maintenance and support;

Second Amendment to Contract 11431D with Mythics for annual software maintenance and support;

Fourth Amendment to Contract 13517A with RSI Co. for technical expertise and project management in assisting with HMI system upgrade at eh treatment plants, water distribution and SOS;

First Amendment to Contract 14032A with Everbridge, Inc. for annual software maintenance and support;

Third Amendment to Contract 15385A with Dimension Systems, Inc. for PeopleSoft professional service; and

First Amendment to Contract 16426A with The Doyle Group for IT contract staffing.

11. ITEM II-A-11: AGREEMENT WITH WILLOWS WATER DISTRICT FOR COLLECTION OF DISTRICT SURCHARGE

Approved Contract 16694A with Willows Water District so that Denver Water will include a surcharge on bills sent to customers in the District. The surcharge proceeds will be used by Willows Water District to fund long term replacement of infrastructure in their Read & Bill area.

12. ITEM II-A-12: AGREEMENT WITH BERKELEY WATER AND SANITATION DISTRICT FOR COLLECTION OF DISTRICT SURCHARGE

Approved Contract 16701A with Berkeley Water and Sanitation District so that Denver Water will include a surcharge on bills sent to customers in their District.

The surcharge proceeds will be used by Berkeley to fund immediate replacement of infrastructure in their Read & Bill area.

13. ITEM II-A-13: DENVER WATER CAPITAL PROJECT CONSTRUCTION PORTAL

Approved Contract 16689A with ProCore Technologies, Inc. for construction management software for the contract period of April 9, 2016 through April 8, 2019, for a total contract amount not to exceed \$147,500.00.

14. ITEM II-A-14: AGREEMENT FOR LEGAL SERVICES WITH CARVER SCHWARZ MCNAB KAMPER & FORBES, LLC

Approved Contract 16686A with Carver Schwarz McNab Kamper & Forbes for oil and gas counsel services for the contract period of March 9, 2016 through March 9, 2019, for a total contract amount not to exceed \$200,000.00.

15. ITEM II-B-1: FIRST AMENDMENT FOR BORING SERVICES

Approved the First Amendment to Contract 15886A with Drilltech Directional Services, Inc. The Amendment extends the contract period through April 30, 2017 and adds \$170,000.00, for a total amended contract amount not to exceed \$250,000.00.

Mr. Roode explained that in 2015 Denver Water tried a new method for replacing lead service lines, which includes boring with a small tunnel machine. This method resulted in no damages to landscaping, but higher costs. Denver Water will continue to evaluate whether to invest in the equipment itself or continue to contract for the work.

16. ITEM II-B-2: NETWORKFLEET, INC. CONTRACT EXTENSION

Approved the First Amendment to Contract 14899A with NetworkFleet, Inc. The Amendment extends the contract period through March 14, 2019 and adds \$400,000.00, for a total amended contract amount not to exceed \$1,248,185.00.

Mr. Tolmich presented an overview of Denver Water's use of GPS NetworkFleet software to gather real-time data regarding fleet usage. This data has been used during rapid improvement events to right-size the fleet, track vehicle maintenance, and is used to track odd hour alerts and to follow-up on customer calls and questions. Odd hour alerts notify Denver Water when safety sensitive equipment is moved after normal business hours, and real-time diagnostics are integrated with the maintenance schedule so that Denver Water can control the

workflow and maintain vehicles at the proper time. A copy of the presentation is attached to and incorporated in these Minutes as Exhibit D.

17. ITEM II-B-3: SERIES 2016A AND 2016B MASTER RESOLUTION WATER REVENUE BONDS

Adopted the Eighth Supplemental Bond Resolution so that the Director of Finance and/or the Treasurer may continue and complete the planned sale and refunding of up to \$185,000,000.00 of Master Resolution Water Revenue Bonds, Series 2016A and 2016B.

Ms. Sharma introduced Mr. Hogan, disclosure counsel from Sherman and Howard and Robyn Moore, from George K. Baum. Mr. Hogan explained that the Board will approve notices of sale and that two competitive sales will occur on the same date. He commended Denver Water staff for their engagement in this process. Ms. Moore said that the parameters of this resolution include an interest rate not to exceed 5 percent.

At 9:47 Commissioner Gougeon joined the meeting.

III. POLICY MATTERS

18. ITEM III-A: ORCA UPDATE

Mr. Spitze presented an update on the ORCA project, a copy of which is attached to and incorporated in these Minutes as Exhibit E. He remarked that the project was approximately \$400,000.00 under budget through February 2016. Increment One of the project is 70% complete and user acceptance testing will take place on May 2, 2016, when the project should be 85-90% complete. Eight modules have been tested, with a 90% passing rate for six of them. The team is focusing efforts on the other two modules and working to align Maximo with the financial system, so that financial data is current to work being done against work orders.

The Executive Sponsors approved two change orders: 1) customizing the JDE forecasting module to fit Denver Water's needs; and 2) adding work to configure payroll to accommodate garnishments in Increment Two. Mr. Spitze forecasts \$230,000.00 less in expenditures for Increment One, which will be offset by increased costs for the two change orders.

Mr. Spitze reviewed the current issues and challenges. The comprehensive list of reports continues to grow and the team is working to establish priorities. EZ work was rolled out to the IT Division for testing, which revealed challenges in assigning multiple people to one work order. A proposed solution will be brought to the Executive Sponsors on April 18, 2016. It does not appear possible to map historical data to the new financial system because the structure of the two systems is too different. Data gathered before July 5, 2016 will be stored in a separate data warehouse. This data will be accessible to staff for comparative use, but not on a line item basis.

Four training courses will be developed: 1) foundational; 2) budget and accounting; 3) project management; and 4) business unit owner training. When the project goes live in July, IT will have a room set up with staff and equipment for two weeks to address issues users' experience.

IV. MONTHLY AND QUARTERLY REPORTS

19. ITEM IV-A: CEO REPORT

Mr. Lochhead introduced Denver Water's new watershed manager, Christina Burri. Previously she worked at the Bureau of Reclamation.

Mr. Lochhead announced the following reorganization of Denver Water, effective immediately. Ms. Anderson will assume the role of Chief of Staff, Mr. Good will become the Director of the Administrative Services Division, and Customer Relations will become part of the Public Affairs Division.

Ms. Anderson will work with Mr. Lochhead on a number of internal initiatives, and with the authority of the CEO's office. She will oversee strategic planning and Continuous Improvement, as well as coordinating the Executive Team and Board activities.

The Customer Relations Division, which was separated from Public Affairs a few years ago will be reintegrated into Public Affairs, based on the strong synergies of the groups. Julie Seagren, Distributor Relations Manager, will report to Melissa Elliot, and there will be created an Assistant Director level position which will be responsible for Customer Service Field, Billing, etc. Mike Aragon will be the acting Customer Relations Director until the merger occurs.

Mr. Good's new role, and new Division, will enable Denver Water to focus on key services that reach all areas of the organization. A new sustainability manager will oversee all facilities at a program level, including sustainability, environmental compliance and security.

20. ITEM IV-B: CFO REPORT

Mr. Cristiano shared an update regarding the newly implemented rate structure. He said Public Affairs, IT and Customer Relations have all made a concerted effort to be prepared for customer feedback. In addition, they are helping the Budget and Rates team prepare for the summer irrigation season by creating bill inserts explaining the new rate structure, sending post-cards to non-residential customers, posting information through social media and FAQ's on Denver Water's website, as well as meeting with City Council members and with the stakeholder committee. To date the call center has received 48 inquiries and has been very well prepared to respond.

21. ITEM IV-C: OPERATIONS REPORT

Mr. Roode reported that there was approximately 64 inches of snow at Berthoud Pass and that Denver Water is managing the High Line Diversion Structure construction to be completed as soon as possible. Mr. Mahoney reported that there have been two de-watering event at the Diversion Structure, and with the heavy snowfall expected this weekend, another will likely occur.

V. INFORMATION ITEMS

**22. 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 F.

23. 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 G.

24. ITEM V-C: REPORTING OF STAFF ADMINISTERED CONSTRUCTION CONTRACT CONTINGENCIES AND ALLOWANCES

The Board received a report of Staff administered construction contract contingencies and allowances, a copy of which is attached to and incorporated in these Minutes as Exhibit H.

VI. ADJOURNMENT

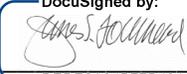
No further business appearing, the Board voted unanimously to adjourn into an Executive Session at approximately 10:51 a.m.

Executive Session

On Wednesday, April 13, 2016, commencing at approximately 10:51 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:

- 1. Attorney-Client Matters §24-6-402(4)(b)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 11:07 a.m.

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Secretary

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President