

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

OPEN SESSION

July 8, 2015

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, July 8, 2015, beginning at 9:23 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
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
R.J. Mahoney, Director of Engineering	T.J. Roode, Director of Operations and Maintenance
G. Cagle, Director of Human Resources	C.R. Dermody, Director of Information Technology
M.K. Frishman, Attorney	P.B. Coleman, Chief Internal Auditor
T. Cristiano, Manager of Rate Administration	M.E. Elliott, Assistant Director of Public Affairs – Government, Stakeholder Relations and Conservation
T. Bryant, Controller	S.L. Chesney, Manager of Media and Executive Communications
D.M. Hamm, Staff Analyst	K. Petrik, Chief of Construction Management
J. Seagren, Distributor Relations Manager	J. Alexander, Environmental Scientist
J. Spitze, IT Project Manager	
B. Maulis, Contracts Specialist	

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B. Peters, Water Resource Engineer	S. Franey, Senior Internal Auditor
L. Schulz, Customer Relations Operations and Reporting Manager	M. Waage, Manager of Water Resource Planning
J. Dour, Customer Care Supervisor	A. Turney, Chief of Distribution and Property Management
D. Arnold, Attorney	A. Rettig, Finance Manager/Supervisor
G. Brockett, Human Resources Specialist	S. Niemi, Senior Financial Analyst
D. Engleman, Senior Benefits Administrator	J. Bogner, Finance Analyst
Y. Her, Contracts Supervisor	C. Davis, Engineering/Systems Technician
M. Wittern, Community Relations Specialist	A. Flori, Engineer
A. Ingram, Contracts Specialist	J. Adams, Communications Specialist
S. Miller, Manager of Health Care and Benefits Administration	C. Ward, Senior Internal Auditor
	E. Helgeson, Senior Financial Analyst
	P. Williams, Executive Office Manager
	M. Martinez, Administrative Assistant
Sean Waters, Cook Street Consulting	Matt Frye, Virtuoso Sourcing
Chris Marshall, Cook Street Consulting	Kevin O'Brien, Fire Eye
	John Fiorillo, Star

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.

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Ceremonies, Awards, and Introductions

Mr. Lochhead and the Commissioners presented Mr. Little with a plaque and photograph in honor of his upcoming retirement after more than 33 years of service to Denver Water. They spoke of his work influencing water projects and policy throughout the state and region including the Two Forks Reservoir project, the Integrated Resource Planning process, the Colorado River Cooperative Agreement, and the WISE Project among others. The Commissioners thanked him for how much he has taught them over the years about Denver Water and the state. Mr. Little thanked them for the opportunity and said he is most proud of how Denver Water has become a good environmental steward of the resource.

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 JUNE 10, 2015**

The reading of the Minutes of the Regular Meeting of June 10, 2015, was dispensed with and such Minutes were approved.

The Minutes of the Executive Session of June 10, 2015, were approved.

2. **ITEM II-A-2: MINUTES OF JUNE 24, 2015**

The reading of the Minutes of the Regular Meeting of June 24, 2015, was dispensed with and such Minutes were approved.

The Minutes of the Executive Session of June 24, 2015, were approved.

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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 July 1, 2015, unless otherwise noted:

Employee Name	Employment Date	Division/Section
Sandoval, Kris M.	2014-12-22	Operations and Maintenance Division Ditches & Canals, #540
Wynn, Derek B.	2014-12-15	Operations and Maintenance Division Ditches & Canals, #540
Stevens, Sarah C.M.	2014-12-08	Operations and Maintenance Division Recycled Water Plant, #650
Hurlbut, Nathan L.	2014-12-22	Operations and Maintenance Division South Platte Area, #530

4. **ITEM II-A-4: AGREEMENT FOR PROFESSIONAL SERVICES FROM DAVIS, GRAHAM & STUBBS LLP**

Approved Agreement 15947A with Davis, Graham & Stubbs LLP to provide legal assistance to the Board regarding the retirement program for the contract period July 8, 2015, through May 31, 2018, for a total contract amount not to exceed \$300,000.00.

5. **ITEM II-A-5: CONTRACT FOR CONDUIT NOS. 84, 100, 105, AND 116 CATHODIC PROTECTION IMPROVEMENTS**

Awarded Contract 15885A to Kantex Industries, Inc., for Conduit Nos. 84, 100, 105, and 116 cathodic protection improvements for the contract period July 8, 2015, through November 25, 2015, for a total contract amount not to exceed \$327,400.00.

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6. **ITEM II-A-6: CONTRACT FOR LONE TREE PUMP STATION AND RESERVOIR CATHODIC PROTECTION REPAIRS**

Awarded Contract 15878A to T. Lowell Construction, Inc., for the Lone Tree Pump Station and Reservoir cathodic protection repairs for the contract period July 8, 2015, through January 4, 2016, for a total contract amount not to exceed \$288,000.00.

7. **ITEM II-A-7: RATIFICATION OF CONSTRUCTION CONTRACT CHANGE ORDERS, AMENDMENTS, AND AMENDMENTS TO AGREEMENTS**

Ratified Construction Contract Change Orders, Amendments, and Amendments to Agreements authorized in May 2015 and June 2015 as follows:

Change Order No. 3 to Contract 14203A with Archer Western Construction for the Green Mountain Pump Station Renovation;

Change Order No. 2 to Contract 15326A with Archer Western Construction for the Marston Treatment Plant Flocculation and Sedimentation Equipment;

Fourteenth Amendment to Agreement 06920A with Itron, Inc., for maintenance charges for meter reading;

Fourth Amendment to Contract 13280A with A&E Tire, Inc., for tires, tire repairs, and alignment services;

First Amendment to Contract 13682A with Shred-It US JV LLC dba Shred-It USA LLC for secure shredding services;

Second Amendment to Agreement 14172A with John and Charlotte Daus for the Ashland Reservoir fuel tanks;

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First Amendment to Contract 15204A with MetWest Inc. dba Quest Diagnostics for medical laboratory testing and courier services; and

First Amendment to Agreement 15777A with URS Corporation for the Ralston Dam Outlet Works and Reservoir Bypass Pipeline Alternatives Study,

all as more particularly described in the attachment to Agenda Item II-A-7.

8. **ITEM II-A-8: GENESYS WORKFORCE MANAGEMENT CONSULTANT**

Approved Agreement 16085A with Performance Technology Partners LLC for workforce management software and consulting for the contract period July 9, 2015, through March 30, 2017, for a total contract amount not to exceed \$170,000.00.

9. **ITEM II-A-9: THIRD-PARTY QUALITY ASSURANCE TESTING SERVICES FOR ORCA PROJECT**

Approved Agreement 15991A with Cigniti Technologies Inc. for third-party quality assurance testing services for the Organizational Reporting and Communication Alignment Project for the contract period July 8, 2015, through July 31, 2016, for a total contract amount not to exceed \$688,212.00.

10. **ITEM II-A-10: AMENDMENT TO 1992 CLIMAX-DENVER AGREEMENT**

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

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11. **ITEM II-B-1: FIRST AMENDMENT TO AGREEMENT FOR AQUIFER STORAGE PILOT PROJECT**

Approved the First Amendment to Agreement 15911A with Leonard Rice Engineers, Inc., for the Aquifer Storage and Recovery Pilot Project. The amendment adds \$1,351,088.00 for a total amended contract amount not to exceed \$1,391,088.00.

Mr. Peters explained the goal of the pilot project is to evaluate the feasibility of storing water in nontributary aquifers underneath Denver Water's service area, which would not require federal permitting. Exploratory drilling for data collection purposes will begin at four test sites in mid-August 2015. Mr. Peters' presentation is attached to and incorporated in these Minutes as Exhibit "A."

12. **ITEM II-B-2: AMENDMENT NO. 3 TO AGREEMENT FOR RECORDKEEPING AND COMMUNICATION SERVICES FOR 401(k) AND 457 PLANS**

Authorized the CEO/Manager to execute Amendment No. 3 to Agreement for Recordkeeping and Communication Services with Great-West Life & Annuity Insurance Company dba Empower Retirement for Denver Water's 401(k) and 457 retirement plans in substantially the draft presented to the Board.

The presentation by Mr. Waters of Cook Street Consulting, including an update on the retirement plans, is attached to and incorporated in these Minutes as Exhibit "B."

13. **ITEM III-A: PROPOSED CONTRACT PREQUALIFICATION PROCESS**

Mr. Petrik described a streamlined prequalification process that is being developed for contractors who would like to bid on capital projects. The Engineering Division expects to implement the new process in 2016.

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Mr. Petrik explained that prequalification is necessary to match contractors' capabilities and expertise to specific projects; to obtain the services of quality, competent contractors for the longevity of Denver Water assets; and to minimize risks to Denver Water and its business partners. The new process also is intended to minimize the number of prequalification packages contractors would otherwise need to submit and to encourage participation by contractors who are minority- and women-owned business enterprises and small business enterprises.

The presentation is attached to and incorporated in these Minutes as Exhibit "C." A white paper summary of the proposed process is attached to and incorporated in these Minutes as Exhibit "D"

14. **ITEM III-B: RATE STRUCTURE STUDY UPDATE**

Mr. Cristiano gave an update on the rate structure study, focusing on increasing the service charge in order to increase revenue stability. He explained an increase would be revenue-neutral for all customer classes because the volumetric rates would be reduced. He provided examples of the impacts an increase would have on single-family customers' bills. All bills currently include a billing charge of \$6.74, and an additional amount could be added based on meter size to reach the higher service charge.

The Rate Structure Review Committee recommended an increase in the service charge from 7 to 10 percent of annual water revenue. The distributors recommended an initial increase to 10 percent but a transition to 20 percent over two to three years. Commissioner Austin opined that an increase from 7 to 10 percent is too timid and suggested moving to 20 percent incrementally. Commissioners Herzmark and Lucero agreed the increase would need to be made in phases.

Mr. Cristiano's presentation is attached to and incorporated in these Minutes as Exhibit "E." He will present more information on potential rate structures for

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the single-family, non-residential, and irrigation customer classes at the Board's meetings in August 2015.

15. **ITEM IV–A: CEO REPORT**

Mr. Lochhead announced the search process has begun for the Director of Planning position. A recruiter will conduct a full search. Bill Bates, Manager of Water Rights Protection, will serve as acting director until a replacement is hired.

Mr. Lochhead also reported staff has reached an agreement to receive immediate possession on August 1, 2015, of the two properties north of the Operations Complex that Denver Water intends to acquire. They will be developed into parking for the complex redevelopment project. Denver Water will deposit funds with the court for immediate possession, which will count against the eventual compensation for the properties.

Lastly, Mr. Lochhead announced the tragic death of a young employee the previous week. Tim Stewart worked as a mechanic in the Transmission & Distribution section.

16. **ITEM IV–B: CFO REPORT**

Mr. Helgeson reported revenues were down by \$19 million at the end of June 2015. However, he noted, the three upcoming months could provide higher revenue.

Ms. Bricmont added that revenue to date had increased from June but was still lower than July 2014. She also noted that revenues from system development charges are still good, totaling \$15 million through June.

17. **ITEM IV–C: OPERATIONS REPORT**

Mr. Roode reported staff of the Transmission & Distribution section raised money for the family of Tim Stewart, a mechanic who died the previous week.

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He said the family was appreciative that so many Denver Water employees attended Mr. Stewart's memorial. He also noted employees can donate to a fund to help support the family.

18. **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."

19. **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."

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

The Board received the Project Contingency Report for the Ashland Reservoir Replacements under Contract 14063B and for the Conduit No. 16 Replacement and Conduit No. 22 Abandonment under Contract 14978A. A copy of the report is attached to and incorporated in these Minutes as Exhibit "H."

21. **ITEM V-D: UPDATE REGARDING SHOSHONE PROPERTY ACQUISITIONS FOR OPERATIONS COMPLEX REDEVELOPMENT PROJECT**

The Board received an update on the property acquisitions for the Operations Complex Redevelopment Project, as shown in Agenda Item V-D, a copy of which is attached to and incorporated in these Minutes as Exhibit "I."

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No further business appearing, the Board voted unanimously to adjourn into Executive Session at 11:10 a.m.

EXECUTIVE SESSION

On Wednesday, July 8, 2015, commencing at 11:10 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners met in Executive Session. The Executive Session recessed at 11:19 a.m. and reconvened in the CEO/Manager's Office at 11:20 a.m. 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. Property Transactions § 24-6-402(4)(a)
2. Attorney-Client Matters § 24-6-402(4)(b)

There being nothing further for the Board to consider, the Executive Session concluded at 11:40 a.m.


Secretary


President