

**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, September 28, 2016

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, September 28, 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
Paula Herzmark, Vice President
H. Gregory Austin, Vice President

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

J.A. Anderson, Chief of Staff	M. Garfield, Customer Relations Manager
A.C. Bricmont, Chief Financial Officer	D. Hamm, Division Analyst
G. Cagle, Chief Human Resources Officer	J. Lorton, Accounting Manager
S. Covington, Chief Public Affairs Officer	E. Lubuye, Finance Analyst
C.R. Dermody, Chief Information Officer	C. Marshall, Planning Manager
B.D. Good, Chief Administrative Services Officer	E. Martinez, Director HR – Total Rewards
M. King, Chief Planning Officer	B. Piede, Engineer
J.S. Lochhead, CEO/Manager	M. Price, Director Business Operations
R.J. Mahoney, Chief Engineering Officer	B. Ransom, Recreation Manager
T.J. Roode, Chief Operations and Maintenance Officer	A. Rettig, Finance Supervisor
P.L. Wells, General Counsel	J. Ross, Engineer Sr.
S. Abram, Budget Manager	J. Seagren, Community Relations Sr. Specialist
K. Bates, Attorney	D. Shable, Engineer Sr.
	S. Snyder, Communication Sr. Specialist

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

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



L. Billeter, Community Relations Sr. Specialist
T. Bryant, Controller
P. Carey, Purchasing & Contracts Manager
A. Chavez, Contract Specialist
P.B. Coleman, Chief Internal Auditor
T. Cristiano, Finance Manager

R. Stitt, Planner Lead
A. Bennett
L. Ferguson,
D. Koontz, Mortenson
W. Mosher, Trammel Crow
M. Rosenquist, Mortenson
M. Sullivan, Trammel Crow
B. Wood, HDR

I. INTRODUCTORY BUSINESS

Commissioner Tate called the meeting to order at 9:30 a.m.

Upon motion regularly made, seconded and unanimously carried, Commissioner Gougeon 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 response.

Commissioner Tate commended Ms. Covington and the Customer Service group for mailing an alert to his home notifying him that his water usage was unusually high. The group promptly and efficiently went to his home and made recommendations for improving his sprinkler system.

III. POLICY MATTERS

1. ITEM III-A: OCR Report

Mr. Mosher presented the Board with an update of the OCR project, a copy of which is attached to and incorporated in these Minutes as Exhibit A. He noted that Phase I is on-time for completion and that the MWBE participation is exceeding the 12% goal for the design phase.

Mr. Koontz reported that MWBE participation in the construction phase is exceeding the 18% goal. He described Mortenson's MWBE outreach process, which includes notifying several metropolitan agencies and chambers of

commerce, as well as the Black Construction Group when outreach events are scheduled. Mortenson tracks the events, the attendees, responses to requests for proposals and successful bidders. Upon request of Commissioner Tate, Mortenson will correlate the lists of attendees with those of successful bidders and provide that information to the Board.

In response to a question posed by Commissioner Tate, Ms. Rosenquist stated that there isn't a formal pre-construction team and MWBE's are notified of pre-construction meetings. Although participants do not receive compensation for pre-construction activities, these are opportunities for engagement with trade partners for broad budget participation. In order to avoid limitations in the bidding process, Mortenson has not permitted major contractors in Phase I to continue into Phase II. Instead, there will be a separate bidding engagement to allow for greater MWBE participation.

Commissioner Herzmark remarked that Mortenson appears highly sensitive to the idea that participation goals are a floor, and that the Board appreciates and encourages them to stay the course and continue to increase MWBE participation. Mr. Mosher said that in this current tight construction market, Mortenson has done a great job enticing and engaging MWBE sub-contractors, and in creating an atmosphere where they want to participate in the OCR project.

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: TREATED WATER PLANNING STUDY – CONTRACT 16832A

Approved Contract 16832A with HDR Engineering, Inc. for the 2016 Treated Water Planning Study, for the contract period of September 28, 2016 through February 28, 2018, for a total contract amount not to exceed \$622,794.00.

2. ITEM II-A-2: SNOW REMOVAL AND ICE MANAGEMENT – CONTRACT 16725A

Approved Contract 16725A with BrightView Landscape Services, Inc. for snow removal and ice management, for the contract period of October 1, 2016 through September 30, 2019, for a total contract amount not to exceed \$234,000.00.

3. ITEM II-A-3: AGREEMENT WITH HABCON SERVICES FOR TOILET CLEANING SERVICES AT OUTLYING AREAS – CONTRACT 16877A

Approved Contract 16877A with Habcon Services, Inc. for vault toilet cleaning services, for the contract period of October 1, 2016 through September 30, 2021, for a total contract amount not to exceed \$295,000.00.

4. ITEM II-A-4: CONTRACT PAYMENT TO MITIGATE DEWATERING OF IRRIGATION AND DOMESTIC WELLS AT LUPTON LAKES – CONTRACT 16682A

Approved Contract 16682A with Martin Marietta Materials, Inc. for reimbursement of costs incurred to mitigate offsite impacts to wells for the contract period of December 1, 2015 through May 31, 2018, for a total contract amount not to exceed \$300,000.00.

5. ITEM II-A-5: ANNUAL CONTRACTS SCHEDULED TO RENEW AND/OR REQUIRE ADDITIONAL FUNDING IN THE FOURTH QUARTER OF 2016

Approved Annual Contracts scheduled to renew and/or require additional funding in the Fourth Quarter of 2016 as follows:

Nineteenth authorization for additional funds for Contract 04953A with Oracle America, Inc.; and

Ninth authorization for additional funds for Contract 11431A with Oracle America, Inc.,

All as more particularly described in the attachment to Agenda Item II-A-11.

6. ITEM II-B: APPROVAL OF BUDGET FOR 2017 MEDICAL AND DENTAL COSTS

Approved the 2017 medical and dental rates as described in Agenda Item II-B-1. Ms. Cagle explained that the Board and employees both contribute to cover 100% of employee health care and dental costs, because Denver Water is self-insured. The Board's contributions have remained relatively flat over the past five years due in part to price caps contained within Cigna's administration contract, and in part to increased out-of-pocket costs to employees. The contribution increases for 2017 reflect higher health care costs and an increase to retirees relative to their increased usage of the health plan.

III. EXECUTIVE UPDATE

7. ITEM IV-B-1: CFO REPORT

The Board received the Monthly Financial Report dated August 31, 2016, as set forth in Agenda Item IV-B-1, which is attached and incorporated in these Minutes as Exhibit B.

Ms. Bryant reminded the Board that data for January through June, 2016 is converted from the old Chart of Accounts to the new Chart of Accounts. The July and August data is from the new ORCA system. She remarked that Denver Water's revenue is recovering nicely from the summer irrigation months. There has been some overage in the salary budget due to lower than expected vacancy rates and quick filling of vacant positions. Some large capital projects are expected to have large amounts of spending toward the end of the year.

8. ITEM IV-B-2: PRELIMINARY FINANCIAL PLAN

Mr. Cristiano presented the Board with the Preliminary Financial Plan, a copy of which is attached to and incorporated in these Minutes as Exhibit C. He noted that the plan is a component of the annual rate-setting process and that after finalization and Board approval, it will be shared with the distributors so that they will have the information to assist them in developing their annual budgets.

Denver Water anticipates issuing additional debt to pay for projects that are in the five-year capital plan, which will increase the debt-to-asset ratio and require increased restricted reserves for bonding purposes. Mr. Cristiano said that operating expenses should remain relatively flat over the five year period. Together, these elements should result in equal annual adjustments of three percent.

The Board approved that this Preliminary Financial Plan be shared with the distributors. Mr. Cristiano said that a revised Plan will be brought to the Board on October 26, 2016. The first reading of the 2017 rates will occur on November 9, 2016, Board approval will be sought on December 4, 2016 and the new rates would be implemented April 1, 2017.

9. OPERATIONS REPORT

Mr. Roode reported that Denver Water T&D crews are experimenting this week with new technology that allows for the replacement of lead service lines without

directional drilling. If successful, he anticipates that it would improve Denver Water's lead service line replacement program and could achieve significant financial savings.

VI. ADJOURNMENT

No further business appearing, the Board voted unanimously to adjourn into a Trustee Meeting at approximately 10:53 a.m.

TRUSTEE MEETING

The Board of Water Commissioners, serving in their capacity as Trustees of the Employees' Retirement Plan Trust Fund and as Sponsor of the Supplemental Retirement Savings Plan of the Board of Water Commissioners of the City and County of Denver, met on Wednesday, September 28, 2016, commencing at 10:53 a.m., in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. The Minutes of the Trustee Meeting are maintained separately. The Trustee Meeting concluded at 10:57 a.m., at which time the Board voted unanimously to adjourn into Executive Session.

EXECUTIVE SESSION

On Wednesday, September 28, 2016, commencing approximately at 11:00 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. Property Transactions § 24-6-402(4)(a)
2. Attorney-Client Matters § 24-6-402(4)(b)
3. Negotiations § 24-6-402(4)(e)
4. Personnel Matters § 24-6-402(4)(f)(I)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 12:13 p.m.

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Secretary

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President