

AGENDA

Denver Board of Water Commissioners

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

Wednesday, December 16, 2015 8:00 a.m.

I. BOARD ADMINISTRATIVE BUSINESS

A. Call to Order and Determination of Quorum

B. Public Comment and Communications

At this point in the agenda, the Board may allow members of the public to address the Board on any item of interest within the jurisdiction of the Board, and not on the agenda for action. Speakers wishing to address a specific Action Item will be invited to address the Board when the item is being considered. Three minutes are allowed for each person unless the President determines otherwise.

1. Distributor Communications
2. Citizen Advisory Committee Communications

C. Ceremonies, Awards and Introductions

1. Don Schlup, CAC – Thank You

II. ACTION ITEMS

A. Consent Items

Items listed below are considered routine and may be enacted by one motion and vote. If any Board member desires discussion beyond explanatory questions, or corrections to the Minutes, the President may order that item to be considered in a separate motion and vote.

1. IBS NAPA Auto Parts Agreement
2. Jim Creek Siphon Replacement Geotechnical Design and Construction Support
3. Denver Water Uniform Program Contract
4. First Amendment for Tree and Shrub Maintenance and Removal
5. Human Resources Total Rewards Consultant
6. Non-Potable Replacement Water Lease Agreement with Arapahoe Lake No. One Association, Inc.

7. Liquid Sodium Hydroxide (Caustic Soda – 50%)
8. ~~Nalco Non-Ionic Polymers~~
9. Annual Contracts Scheduled to Renew and/or Require Additional Funding in the 1st Quarter of 2016
10. Second Amendment for Chlorine
11. Bond Counsel and Disclosure Counsel
12. Customer Care & Maintenance Tracking, End User Baseline, and Distributor Surveys
13. Health Care Plans Insurance Contracts
14. Second Amendment to Banking Services (US Bank Amendment)
15. Designation of Surplus Property at Garland Street Park
16. Tabulation of Bids for Conduit No. 62 Valve Installation at S Havana St and E Yale Ave
17. Tabulation of Proposals for the Upper Long Lake Emergency Repair of Outlet Works
18. Tabulation of Proposals for High Line Canal Diversion Dam Replacement
19. Surplus Property Designation and Conveyance of Property at Road Runners Rest Reservoir to South Adams County Water & Sanitation District Pursuant to April 9, 2014 IGA
20. Amendment No. 2 with Archer Western Construction, LLC for the Marston Treatment Plant Flocculation and Sedimentation Equipment Replacement
21. Water Process Control System Upgrade

B. Individual Approval Items

- | | | |
|---|----------------|--------|
| 1. Adoption of 2016 Budget | Todd Cristiano | 15 min |
| 2. 2016 Proposed Rate Structure Change and Revenue Requirement | Todd Cristiano | 15 min |
| 3. Self-Insurance for Workers' Compensation | Gallagher | 10 min |

- | | | |
|---|-------------|-----------|
| 4. Purchase of Sasaki Land and Fulton Ditch Shares at Lupton Lakes for Agricultural Studies and Potential Long Term Downstream Reservoir Expansion | Ryan Stitt | 5 minutes |
| 5. Contract Payment to Mitigate Dewatering of Irrigation and Domestic Wells at Lupton Lakes | | |
| 6. Contract Amendment with Confluence Group for Mobile Application Development & Support Services | Debbi Batt | 5 minutes |
| 7. Proposed Revision of Personnel Policy 14-3 – Accrual of Vacation Leave | Gail Cagle | 5 minutes |
| 8. Vacation Accrual Rate Adjustments for Current Employees | Gail Cagle | 5 minutes |
| 9. Citizen’s Advisory Committee Appointments | Katie Knoll | 5 minutes |

III. POLICY MATTERS

- | | | |
|---|---------------|------------|
| A. OCR Update | Jeremy Ross | 10 minutes |
| B. North System Renewal Treatment Plant - Update | Zeke Campbell | 15 minutes |

IV. MONTHLY AND QUARTERLY REPORTS

- A. CEO Report**
- B. CFO Report**

C. Operations Report

V. INFORMATION ITEMS

A. Scheduling of Future Board Meetings and Tentative Discussion Topics

B. Event Calendar

VI. ADJOURNMENT

VII. TRUSTEE MATTERS

VIII. EXECUTIVE SESSION

The Board may adjourn the regular meeting and reconvene in executive session on topics authorized by C.R.S. Sec. 24-6-402 or D.R.M.C Sec. 2-34.

A. Confidential Report § 24-6-402(4)

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2016

Board Item: II-A-1

IBS NAPA Auto Parts Agreement Contract # 16070A

Action by Consent

Action

Information

Summary:

The Fleet Value Stream has identified opportunities for increased efficiency in Fleet operations. The value stream identified down time while waiting for parts as a significant impact to Fleet productivity. Vendor Managed Inventory (VMI) is a solution with financial savings and great potential for increased productivity. A VMI vendor would assume ownership of all parts inventory, set up a parts store in the Fleet shop and manage all vehicle parts, assuming responsibility for keeping parts in stock and available.

Denver Water's Fleet wishes to partner with NAPA to provide VMI through their Integrated Business Management program. Vendor managed auto parts will allow Fleet to have zero inventory owned by Denver Water, no obsolete inventory and increased productivity by having access to parts as needed with a 90% fill rate.

Budget Information:

Funds are included in the 2015 and 2016 Operations and Maintenance budget. Funds will be included in 2017 and 2018 budget.

2015 Budget	\$ 273,000.00
Amount Requested This Item	\$2,150,000.00
YTD Expenditures	\$ 293,814.99
Dollars Budgeted for 2016	\$ 544,267.00
Revised Estimate	\$
Budget Adjustment	\$

Selection of Business Partner:

Purchasing utilized cooperative pricing for the agreement National Joint Powers Alliance (NJPA).

Recommendation:

It is recommended that the Board approve Contract 16070A with Genuine Parts Company dba NAPA Auto Parts for management and supply of auto parts for the contract period December 16, 2015 through December 31, 2018 for a total contract amount not to exceed \$2,150,000.00.

Approvals:



Thomas J. Roode
Director of Operations and Maintenance

Respectfully submitted,



James S. Lochhead
CEO/Manager



Terri Bryant, Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-A-2

**Jim Creek Siphon Replacement
Geotechnical Design and Construction Support
Task Order Agreement 16256B**

Action by Consent

Action

Information

Summary:

This item is for the approval of a General Engineering Services Task Order Agreement with Kumar & Associates, Inc. for geotechnical engineering design and construction support for the Jim Creek Siphon Replacement project. This is the third agreement with Kumar & Associates, Inc. for services related to this project. The first agreement was made in 2009. The project was put on hold in 2011; when the project resumed in 2014, additional services were needed to continue the design and a second task order agreement was entered at that time. The US Forest Service’s requirement for an Alternatives Analysis has further increased the geotechnical scope that is required for development and design of the project. Consequently, the cumulative contract cost between the three total agreements with Kumar & Associates, Inc. for this project will exceed \$100,000. If the magnitude of the scope had been fully realized at start of the project a competitive Request for Proposal would have been issued for the selection of this business partner.

Budget Information:

This 2015 Capital Improvement Plan (MPC 2AA0811) includes sufficient funds to cover current year expenses. The remaining funds will be budgeted in future years.

2015 Budget	\$	135,000.00
Amount Requested This Item	\$	44,850.00
YTD Expenditures	\$	100,519.49
Dollars Budgeted for Future Years (2016-2018)	\$	6,700,000.00
Revised 2015 Estimate	\$	135,000.00
Budget Adjustment	\$	0.00

Selection of Business Partner:

Kumar & Associates, Inc. has provided geotechnical engineering services for Denver Water for numerous other projects. Kumar & Associates, Inc. has extensive experience working in the Winter Park area both with Denver Water, Winter Park Ski Area and other clients. They are the best suited geotechnical engineering consultants to partner with for work in this vicinity. In addition, Kumar & Associates, Inc. is an approved MWBE business partner. This agreement will be executed under the most recent on-call agreement established in 2015.

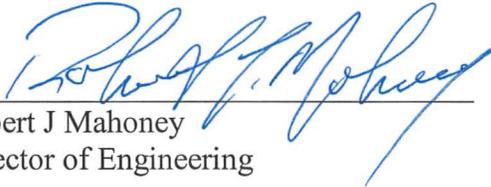
Kumar & Associates, Inc. is an MWBE certified firm and will obtain 100% participation for this geotechnical portion of the work.

Recommendation:

It is recommended that the Board approve Task Order Agreement 16256B with Kumar & Associates, Inc. for geotechnical engineering services for the contract period December 16, 2015 to February 28, 2018 for a total contract amount not to exceed \$44,850.

Approvals:

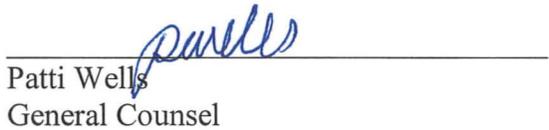
Respectfully submitted,



Robert J Mahoney
Director of Engineering



James S. Lochhead
CEO/Manager



Patti Wells
General Counsel



Terri Bryant
Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-A-3

Denver Water Uniform Program Contract Contract # 16104A

Action by Consent

Action

Information

Summary:

This contract is utilized by most divisions within the organization with over 660 employees participating in the program. An increased number of employees have been identified to receive uniform clothing. This helps identify Denver Water's employees when interacting with the public, suppliers, contractors and others they come in contact with, as well as improving employee satisfaction. This program will create a standardized uniform look while still allowing some flexibility for the employee's personal uniform requirements.

Budget Information:

Uniforms are currently budgeted in the individual division budgets, under materials and supplies. Funds will be added to the budget for years 2017 through 2018 to cover the remainder of the contract.

2015 Budget (materials and supplies)	\$ 7,392,441.74
Amount Requested This Item	\$ 735,000.00
2015 YTD Expenditures	\$ 6,719,643.52
Dollars Budgeted for (2016 materials and supplies)	\$ 7,500,799.00
Revised Estimate	\$
Budget Adjustment	\$

Selection of Business Partner:

On July 27, 2015 Denver Water issued a Request for Proposals (RFP) for the administration of Denver Water's uniform program. This RFP was posted on the Denver Water website, the Rocky Mountain E-Purchasing System and notified the Small Business Enterprise (SBE) / Minority Women Business Enterprise (MWBE) trade organizations. Six vendors responded: two were MWBE, three were SBE. The vendor selection criteria included price, service level, understanding of work, vendor's uniform program and vendor's experience.

Recommendation:

It is recommended that the Board approve Agreement 16104A with ServiceWear Apparel, Inc for Uniforms for the contract period December 16, 2015 through November 30, 2018 for a total contract amount not to exceed \$735,000.00.

Approvals:



Gail Cagle
Director of Human Resources.

Respectfully submitted,



James S. Lochhead
CEO/Manager



Terri Bryant
Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-A-4

First Amendment for Tree and Shrub Maintenance and Removal Contract #16043A

Action by Consent

Action

Information

Summary:

Denver Water requires tree and shrub maintenance, including pesticide spraying, and tree removal services at many properties throughout the Denver metropolitan area. Trees that are dead or in serious decline present a hazard and require removal; these removal services are needed most extensively along the 64-mile length of the High Line Canal.

2015 was a particularly bad year for trees in general, not just along the canal. Tree trimmers in the Denver area were 10 to 12 weeks behind schedule this summer due to the amount of tree damage sustained in the Denver metropolitan area as a result of a late cold snap and heavy, wet snow in mid-May. Over the last year, 90% of Source of Supply's tree trimming funds expended were actually spent on tree removal, often requiring the use of a crane, and adding significant cost. It is estimated that Denver Water's current backlog of hazardous tree removal, safety pruning, and diseased tree removal will require us to continue working at an accelerated pace for all of 2016 and into 2017. Because weather events often play a significant role in the workload, it is difficult to assess how long this trend will continue.

Budget Information:

Funds for tree and shrub maintenance and removal are included in the 2015 and 2016 budgets under additional funds will be added to the 2017 budget. A budget adjustment will be made from other projects to cover any additional funds needed in 2015.

2015 Budget	\$	208,020.00
Amount Requested This Item	\$	470,000.00
YTD Expenditures	\$	273,710.73
Dollars Budgeted for 2016	\$	383,000.00
Revised Estimate	\$	
Budget Adjustment	\$	66,000.00

Selection of Business Partner:

Denver Water's tree and shrub maintenance and removal service requirements were competitively bid in April 2015 and awards were made to three contractors. Denver Water splits the tree trimming and removal work between the three contractors because of the increased amount of tree removal service required along the High Line Canal and Denver metropolitan area. This allows Source of Supply to balance the tree removal and trimming workload between several contractors' schedules and still respond to emergency/urgent work.

Recommendation:

It is recommended that the Board approve the First Amendment to Contract No. 16043A for tree and shrub maintenance and removal for an additional \$470,000.00, and a total amended contract amount not to exceed \$720,000.00.

Approvals:



Thomas J. Roode
Director of Operations and Maintenance

Respectfully submitted,



James S. Lochhead
CEO/Manager



Terri Bryant
Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-A-5

Human Resources Total Rewards Consultant Contract #16347A

Action by Consent

Action

Information

Summary:

The Board requires Total Rewards consulting services to support the work of Human Resources staff. The consulting services include, but are not limited to actuarial services, consulting services regarding the Board's Health and Welfare Plans, financial reporting and monitoring services, compensation work, and work related to our paid leave programs.

Denver Water issued a Request for Proposal (RFP) for the HR Benefits Consultant Services where it was posted on the Denver Water website, the Rocky Mountain E-Purchasing System and a notification was sent to the Small Business Enterprise (SBE) / Minority Women Business Enterprise (MWBE) trade organizations. Four consultants responded, none of which were MWBE. The vendor selection criteria included an evaluation of consultant's experience, employee qualifications, references, methodology and price. Denver Water interviewed the top two consultants and after evaluation selected the current consultant, Gallagher Benefit Services, Inc. as the firm proposing the best value and fit for Denver Water.

Gallagher Benefit Services, Inc. has been Denver Water's HR Benefits Consultant since 2012.

Budget Information:

Additional funds will be requested in 2017 and 2018 Budgets

2016 Budget	\$ 593,000
Amount Requested This Item	\$ 735,000
YTD Expenditures	\$
Dollars Budgeted for Future Years	\$ 160,000
Revised Estimate	\$
Budget Adjustment	\$ 0

Recommendation:

It is recommended that the Board approve 16347A with Gallagher Benefit Services, Inc. for HR Total Rewards Consulting Services for the contract period January 1, 2016 to December 31, 2018 for a total contract amount not to exceed \$735,000.

Approvals:



Gail Cagle
Director of Human Resources

Respectfully submitted,



James S. Lochhead
CEO/Manager



Terri Bryant
Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-A-6

**Non-Potable Replacement Water Lease Agreement with Arapahoe Lake No. One Association, Inc.
Contract # 16113A**

Action by Consent

Action

Information

Summary:

Arapahoe Lakes is a community of more than 200 homes built around a three-acre on-stream lake, which is used for boating and fishing. The community is located in Greenwood Village, a total service distributor, near Orchard Road and Dayton Avenue. Because the lake is located on Goldsmith Gulch, any out-of-priority storage and evaporation losses may have to be replaced to the downstream senior calling right. Arapahoe Lake No. One Association ("Association"), the HOA for the community, needs a permanent supply of water to provide any required replacement water to the calling right.

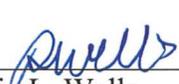
The attached Water Lease Agreement provides for the lease of eleven (11) acre-feet of non-potable water annually for augmentation purposes. The Association will pay a System Development Charge to the Board totaling \$255,090, and raw water rates applicable to Outside-Denver customers located within the service area. The Leased water is subject to water use restrictions as may be adopted by the Board.

Recommendation:

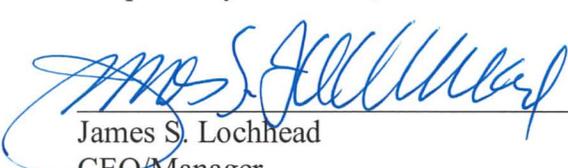
It is recommended that the Board approve the Water Lease Agreement with the Arapahoe Lake No. One Association.

Approvals:

Respectfully submitted,



Patricia L. Wells
General Counsel



James S. Lochhead
CEO/Manager



William G. Bates
Director of Planning

ACTING

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-A-7

**Liquid Sodium Hydroxide (Caustic Soda – 50%)
Contract # 16465A**

Action by Consent

Action

Information

Summary:

Liquid sodium hydroxide is used at all Denver Water treatment plants to control pH and to ensure compliance with the Lead and Copper Rule of the Environmental Protection Agency. Liquid sodium hydroxide is usually sold at 50% water by weight, it is most cost effective to have a supplier that is located within a short distance of all treatment plants; there are currently only three ANSI/NSF 60-certified suppliers of liquid sodium hydroxide within 350 miles of Denver Water.

Budget Information:

Funds for these services were included in the 2016 Operations and Maintenance budget and will be added to the budget for years 2017 thru 2020 to cover the remainder of the contract.

2016 Budget	\$ 1,246,572.30
Amount Requested This Item	\$ 8,000,000.00
YTD Expenditures	\$
Dollars Budgeted for Future Years (2017-2020)	\$ 7,287,876.97
Revised Estimate	\$
Budget Adjustment	\$

Selection of Business Partner:

To select the best business partner Denver Water posted an Invitation for Bid on BidNet, on the Denver Water website, directly emailed SBE and MWBE chambers, and contacted eight (8) ANSI/NSF certified suppliers about the opportunity. Industrial Chemical Corporation was selected because they met all requirements and submitted the lowest cost bid, with a unit price of \$499.00 per ton. This unit price is 26% lower than the current unit pricing. The unit price will be adjusted monthly based on the price reported in a third party index.

Recommendation:

It is recommended that the Board approve Contract No. 16465A with Industrial Chemical Corporation for the purchase of liquid sodium hydroxide for the contract period of January 1, 2016 through December 31, 2020 for a total contract amount not to exceed \$8,000,000.00.

Approvals:



Thomas J. Roode
Director of Operations and Maintenance

Respectfully submitted,



James S. Dochhead
CEO/Manager



Terri Bryant
Controller

Dollars Received
Dollars Paid
Budget Adjustments

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-A-9

Annual Contracts Scheduled to Renew and/or Require Additional Funding in the 1st Quarter of 2016

Action by Consent

Action

Information

Denver Water has a number of contracts that renew on an annual basis, some of which require additional funding for the following contract year. Contract administrators have determined that the contracts described in the attachments continue to be of value and are necessary to the operation of Denver Water and were originally procured following our procurement policy. The original terms and conditions of these contracts remain unchanged. However, for the coming year the contracts require additional funding of more than \$100,000 or additional funding that will cause the total contract expenditures to exceed \$100,000.

Recommendation:

It is recommended that the Board approve the additional funding indicated for each of the contracts described in the attached Authorizations for Additional Contract Funds.

Approvals:

Respectfully submitted,



Angela C. Bricmont
Director of Finance



James S. Lochhead
CEO/Manager



Terri Bryant, CPA
Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-A-10

Second Amendment for Chlorine Contract #14435A

Action by Consent

Action

Information

Summary:

The State of Colorado Primary Drinking Water Regulations require the use of a disinfectant in the water treatment process. Disinfection is also necessary to comply with the Category 3 Standards for recycled water. Denver Water uses chlorine as a disinfectant at all of its treatment facilities.

The current Contract No. 14435A with DPC Industries, Inc. began on January 1, 2013 and was for a three-year term, expiring on December 31, 2015. This amendment will extend Contract No. 14435A through December 31, 2017 and allow 6.5% and 4.8% increases to the supplier's overhead and profit component of the total price for bulk and ton-container chlorine, respectively, for the calendar year 2016.

Budget Information:

Funds for these services were included in the 2016 Operations and Maintenance budget and will be added to the 2017 budget to cover the remainder of the contract.

2016 Budget	\$	448,340.00
Amount Requested This Item	\$	1,300,000.00
YTD Expenditures	\$	
Dollars Budgeted for Future Years	\$	681,204.85
Revised Estimate	\$	
Budget Adjustment	\$	

Selection of Business Partner:

DPC Industries, Inc. previously supplied chlorine to Denver Water under a contract that ended on December 31, 2007. Denver Water's chlorine supplier from 2008 through 2012 was Thatcher Company.

Denver Water's chlorine requirements under the current Contract No. 14435A were bid in 2012; Denver Water received two bids and DPC Industries, Inc. was the low bidder. The first amendment was approved in January 2015 and allowed a 3.8% increase to the supplier's overhead and profit component price for the calendar year 2015. This was the only price increase incurred over the original three-year contract term. This amendment is recommended over rebidding the chlorine requirements because there is extremely limited chlorine supply available in the Rocky Mountain region. DPC Industries, Inc. has a repackaging operation in the Denver metropolitan area, while the next closest NSF/ANSI Standard 60-certified chlorine supplier is located more than 500 miles from Denver. DPC Industries, Inc. is neither SBE nor MWBE certified.

Recommendation:

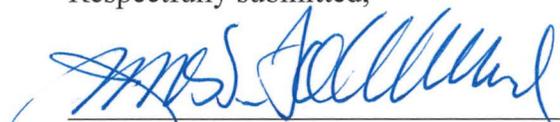
It is recommended that the Board approve the Second Amendment to Contract No. 14435A with DPC Industries, Inc. for chlorine for an extension of the contract period through December 31, 2017 and for an addition of \$1,300,000.00 for a total amended contract amount not to exceed \$2,600,000.00.

Approvals:



Thomas J. Roode
Director of Operations and Maintenance

Respectfully submitted,



James S. Lochhead
CEO/Manager



Terri Bryant
Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-A-11

Bond Counsel and Disclosure Counsel Contract #16381A and 16381B

Action by Consent

Action

Information

Summary:

Denver Water requires bond and disclosure counsel services in connection with the issuance of revenue bond/notes and other securities for the Board. In addition, the Board requires arbitrage rebate reporting services for its outstanding debt and for future issues. The Board has previously used separate law firms to act as bond counsel and disclosure counsel, with arbitrage rebate reporting services provided by bond counsel. Under the recently issued Request for Proposals (RFP) seeking these services, Denver Water considered proposals for each service separately or in any combination thereof.

Budget Information:

Treasury has budgeted funds for bond and disclosure counsel services in 2016 under MPC 4ZD0001, and these services will be budgeted for in future years.

2016 Budget	\$	770,000
Amount Requested This Item	\$	315,000
YTD Expenditures	\$	
Dollars Budgeted for Future Years	\$	
Revised Estimate	\$	
Budget Adjustment	\$	

Selection of Business Partner:

In September 2015, Denver Water issued a Request for Proposals via the Denver Water public website and direct e-mail to 45 law firms and seven bar associations. Denver Water received responses from eleven firms, of which one is a WBE and one is MBE. The selection committee evaluated each proposal based on the experience, qualifications, and location of the firm's lead attorney and key staff, responses to key questions, professional references, and price. The committee recommends Becker Stowe Partners LLC to provide bond counsel services and Sherman and Howard LLC to provide disclosure counsel services. Neither selected firm is MWBE. Because the Board does not have any immediate arbitrage reporting needs, those services will be secured under a separate agreement with the WBE respondent in the near future.

Recommendation:

It is recommended that the Board approve Contract No. 16381A to Becker Stowe Partners LLC for providing bond counsel services for the contract period December 16, 2015 through December 31, 2017, and Contract No. 16381B to Sherman & Howard LLC to provide disclosure counsel services for the contract period December 16, 2015 through December 31, 2019, for total contract amounts not to exceed \$115,000.00 and \$200,000.00, respectively.

Approvals:



Angela Brimont
Director of Finance



Patricia Wells
General Counsel

Respectfully submitted,



James S. Lochhead
CEO/Manager



Terri Bryant
Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-A-12

**Customer Care & Maintenance Tracking, End User, and Distributor Surveys
Contract #16382A**

Action by Consent

Action

Information

Summary:

Obtaining regular customer feedback is a key component of Denver Water’s strategy to create satisfied and supportive customers in alignment with the Customer Perspective of our Strategic Plan. This feedback includes three different quarterly customer satisfaction tracking surveys (call center, street work, and maintenance and field interactions) and two bi-annual surveys (end water user and distributor).

These surveys provide us with reliable quantitative and qualitative data that is used to understand where we should focus and prioritize our continuous improvement efforts to make the largest positive impact on our customer’s experience. They provide us with benchmark metrics to measure and track our progress and allow us to gain insight into key issues or initiatives; such as, customer sentiment on conservation, drought, brand or rates. This information helps us to develop effective customer communications and education for key organizational initiatives.

The use of customer surveys has proven to be a valuable tool for improving our customer’s experience and we are seeking the opportunity to continue to use this methodology to inform our customer strategy moving forward.

Budget Information:

For consistency of strategy, knowledge and process flow, we are proposing a three year contract term. The fielding strategy and cost break down by year are as follows:

- 2016: Tracking surveys only (\$51,688)
- 2017: Tracking surveys and bi-annual surveys (\$137,388)
- 2018: Tracking surveys only (\$53,015)

Funds for this contract are included in the proposed 2016 Customer Relations professional services budget.

2015 Budget	\$	115,000
Amount Requested This Item	\$	242,100
YTD Expenditures	\$	47,588
Dollars Budgeted for Future Years (2016-2018)	\$	520,000
Revised Estimate	\$	242,100
Budget Adjustment	\$	

Selection of Business Partner:

In September 2015, Denver Water issued a Request for Proposals via the Rocky Mountain E-Purchasing System (BidNet), the Denver Water public website, and direct e-mail to the SBE/MWBE Bid List. Denver Water received responses from three organizations, of which one is SBE and one is both SBE and MWBE. The selection committee evaluated each proposal based on the organization's proposed work plan and understanding of the work, ability to meet the survey administration and survey reporting schedules, samples of previous customer survey research reports and executive summary presentations, professional references, and price. The committee selected Customer Care Measurement & Consulting, LLC as the proposer best meeting Denver Water's needs and with the lowest price. Customer Care Measurement & Consulting, LLC is a SBE organization.

Recommendation:

It is recommended that the Board approve Contract No. 16382A with Customer Care Measurement & Consulting, LLC for administering the Board's customer surveys for the contract period December 16, 2015 through December 31, 2018 for a total contract amount not to exceed \$242,100.00.

Approvals:

Respectfully submitted,



Julie A. Anderson
Director of Customer Relations



James S. Lochhead
CEO/Manager



Terri Bryant
Controller



[Faint text]



[Faint text]

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-A-13

Health Care Plans Insurance Contracts Contract #15954A, B, 15955A, B, 15956A, B, C, 15957A

Action by Consent

Action

Information

On September 23, 2015 Human Resources presented to the Board the results of the competitive bids for all services and insurance relative to the benefit plans. At that meeting we received initial approval and we are now seeking formal approval for the following contracts for each of the vendors.

Cigna Administrative Service Agreement & Employee Assistance Program (EAP)
Cigna Stop Loss Insurance Agreement
Delta Dental Insurance & Superior Vision (100% employee paid)
Unum Life & Accidental Death & Dismemberment Insurance, Long Term & Short
Term Disability, Buy-out of 3 Self Insured LTD claimants & Waiver of Premium
FlexMadeEasy

The competitive bid process resulted in an overall costs savings to the Board of \$1,202,000 for 2016. Actual Board cost share for the Health Care Plan was reduced 1% (86% / 14% to 85% / 15%).

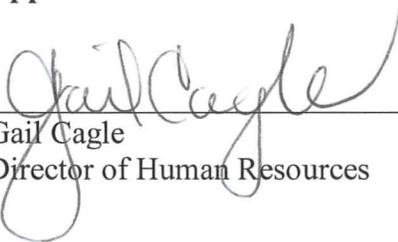
Budget Information:

	Budget 2015	Budget 2016	Savings
Medical Claims	\$11,620,000	\$11,620,000	\$0
Stop Loss	\$1,500,000	\$855,000	\$645,000
ASO	\$900,000	\$617,000	\$283,000
Wellness Rebates			\$50,000
Cigna EAP	\$74,000	\$23,000	\$51,000
Dental Claims/ASO	\$589,000	\$567,000	\$22,000
Life & AD/D	\$270,000	\$170,000	\$100,000
LTD	\$390,000	\$360,000	\$30,000
FSA	\$35,000	\$14,000	\$21,000
	\$15,304,000	\$14,072,000	\$1,202,000

Recommendation:

It is recommended that the Board approve the contracts for Cigna, Delta Dental, Unum, Superior Vision and Flex Made Easy.

Approvals:



Gail Cagle
Director of Human Resources

Respectfully submitted,



James S. Lochhead
CEO/Manager



Terri Bryant
Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-A-14

Second amendment to banking services contract

Contract # 13424A

Action by Consent

Action

Information

Summary:

Staff has issued an RFP for banking services and is evaluating the respondent proposals. Staff does not have time to complete the evaluation, award the contract and transition to the successful bidder prior to the expiration of the incumbent contract. Staff is requesting additional funds of \$30,000 and an extension of contract 13424A with US Bank for the shorter of the completion of transition to the successful respondent for the services or December 31, 2016.

Budget Information:

Staff budgeted \$1,092,236 and \$1,099,450 for banking and payment processing services in 2015 and 2016, respectively. Budgeted funds are expected to be sufficient for 2015 and 2016.

2015 Budget	\$	1,092,236
Amount Requested This Item	\$	30,000
YTD Expenditures	\$	954,384
Dollars Budgeted for Future Years (2016)	\$	1,099,450
Revised Estimate	\$	1,061,200
Budget Adjustment	\$	0

Selection of Business Partner:

Banking services were competitively bid and awarded to US Bank from February 11, 2011 to December 16, 2013 with an option to extend the contract for two additional one year periods based on satisfactory performance. The original contract was for \$225,000 and was subsequently amended in 2014 for \$50,000 bringing the total contract to \$275,000. This would be the second amendment, and if approved, the total amount of the contract would be \$305,000

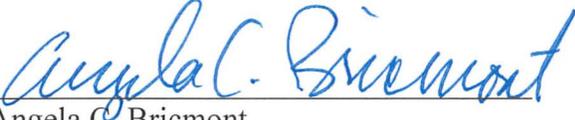
Recommendation:

It is recommended that the Board approve the Second Amendment to contract 13424A with US Bank for banking services for an extension of the contract period for the shorter of the time to transition to the successful bidder of the same services or December 31, 2016 and for the addition of \$30,000 for a total amended contract amount not to exceed \$305,000.

Approvals:



Patricia Wells
General Counsel



Angela C. Bricmont
Director of Finance

Respectfully submitted,



James S. Lochhead
CEO/Manager



Terri Bryant
Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-A-15

Designation of Surplus Property at Garland Street Park

Action by Consent

Action

Information

Summary:

Denver Water owns property for Conduit No.15 located at South Garrison Street north of Belleview Avenue and adjacent to Garland Street Park. This property was originally purchased for the Marston Lake Flume in 1918. Conduit No. 15 was installed in 1974 to convey water originally meant to be conveyed by the Flume; however, Conduit No. 15 was never installed within this particular parcel of property and the property has not been utilized by Denver Water since 1974. It is currently a vacant open space parcel of land.

The City and County of Denver approached Denver Water to purchase this 0.760 acre parcel of land for drainage purposes. A small parcel of this area is over the conduit and an easement will be granted by the City and County of Denver to Denver Water for Conduit No.15 allowing Denver Water enough area to adequately perform maintenance, repair, and replacement of the conduit. This sale will continue to facilitate improved relations with the City and County of Denver and relieve Denver Water of the responsibility of maintenance, such as weed control, for that section of property.

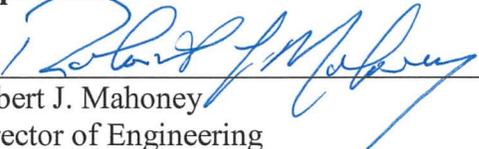
Operations and Maintenance personnel have reviewed the request from the City and County of Denver for the purchase of the property and have indicated that this property is no longer useful or required for water works purposes.

Attachment A shows the property at Garland Street Park.

Recommendation:

It is recommended that the Board declare the 0.760 acre of property at Garland Street Park surplus as it is not required for present or future water works purposes and therefore, available for sale to the City and County of Denver.

Approvals:


Robert J. Mahoney
Director of Engineering


Patricia Wells
General Counsel

Respectfully submitted,


James S. Lochhead
CEO/Manager


Terri Bryant
Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-A-16

Tabulation of Bids for Conduit No. 62 Valve Installation at S Havana St and E Yale Ave Contract 15735A

Action by Consent

Action

Information

Summary:

On December 3, 2015, bids were received for the Conduit No. 62 Valve Installation at S. Havana St. and E. Yale Ave. project. The project consists of removing approximately 50 feet of existing 24-inch diameter pipe, and furnishing and installing approximately 50 feet of 24-inch diameter steel pipe and appurtenances, and installation of an Owner-furnished 24-inch gate valve. The valve installation will alleviate the need for utilizing an emergency interconnect, provide reliability and redundancy of the existing distribution system, and minimize disruption of service to customers. Currently, a Conduit No. 62 outage requires operation of an existing emergency interconnect with Cherry Creek Valley Water and Sanitation District to maintain water service to several customers in the area.

Budget Information:

The 2016 Capital Improvement Plan (MPC 2DD0094) includes sufficient funds for this project.

2016 Budget	\$ 1,000,000.00
Amount Requested This Item	\$ 175,000.00
YTD Expenditures	\$ 0.00
Revised Estimate	\$ 1,000,000.00
Budget Adjustment	\$ 0.00

Selection of Business Partner:

Denver Water advertised the project on The Daily Journal and Denver Water's website. An open-competitive bid was conducted by using Invitation for Bids on the QuestCDN platform. Six General Contractors were pre-qualified to bid on the work. Five bids were received, and the lowest qualified bid was submitted by Concrete Works of Colorado, Inc. of Lafayette, Colorado in the amount of \$175,000.00. The opinion of probable cost for the work was \$229,125.00.

The Minority and Women Business Enterprise (MWBE) goal established for this construction project is 5 % participation. Concrete Works of Colorado, Inc. achieved 5.07% MWBE Participation.

Recommendation:

It is recommended that the Board approve Contract 15735A with Concrete Works of Colorado, Inc. for Conduit No. 62 Valve Installation at S. Havana St. and E. Yale Ave. for the contract period of December 16, 2015 through April 15, 2016 for a total contract amount not to exceed \$175,000.00

Approvals:



Robert J. Mahoney
Director of Engineering

Respectfully submitted,



James S. Lochhead
CEO/Manager



Terri Bryant
Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-A-17

**Tabulation of Proposals for the
Upper Long Lake Emergency Repair of Outlet Works
Contract 16485A**

Action by Consent

Action

Information

Summary:

On December 3, 2015, proposals were received for the Upper Long Lake Emergency Repair of Outlet Works Project. On August 8, 2015 a leak in the outlet tunnel at Upper Long Lake was reported by Caretakers; the leak partially filled the outlet tunnel. After dewatering the tunnel, an inspection revealed the outlet pipe was compromised. The reservoir was drained to facilitate future inspections and construction. Further investigation resulted in a recommendation to replace the entire cast iron outlet pipe and associated valves due to overall age and condition. The project is necessary to repair the outlet pipe and place the reservoir back in service.

Budget Information:

The 2016 Operating Budget (4JX9000) does not include funds for this project. A project budget adjustment was recommended by the System Managers.

2016 Budget	\$	0.00
Amount Requested This Item	\$	200,000.00
YTD Expenditures	\$	0.00
Dollars Budgeted for Future Years	\$	0.00
Revised Estimate	\$	200,000.00
Budget Adjustment	\$	200,000.00

Selection of Business Partner:

This contract was a competitive proposal using the QuestCDN platform. The Request for Proposal was issued to four General Contractors who have performed well on prior pipe projects for Denver Water. The four General Contractors were prequalified due to the constrained site conditions and because the work being performed needs to comply with the Colorado State Engineers requirements for dam construction. All four General Contractors submitted proposals for the work. The proposals were received on December 3, 2015, and the most qualified proposal was submitted by T. Lowell Construction, Inc. of Castle Rock, Colorado in the amount of \$200,000.00. The Opinion of Probable Cost for the work was \$350,000.00.

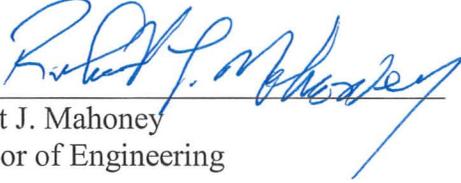
The Minority and Women Business Enterprise (MWBE) goal established for this construction project is 3% participation. T. Lowell Construction, Inc. achieved 3% MWBE participation.

Recommendation:

It is recommended that the Board approve Contract 16485A with T. Lowell Construction, Inc. for the Upper Long Lake Emergency Repair of Outlet Works project for the contract period December 16, 2015 to May 16, 2016 for a total contract amount not to exceed \$200,000.00.

Approvals:

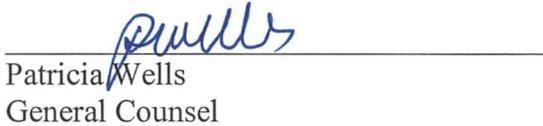
Respectfully submitted,



Robert J. Mahoney
Director of Engineering



James S. Lochhead
CEO/Manager



Patricia Wells
General Counsel



Terri Bryant
Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-A-18

Tabulation of Proposals for High Line Canal Diversion Dam Replacement Contract 16420A

Action by Consent

Action

Information

Summary:

The 80+ year old timber-framed High Line Canal Diversion Dam located on the South Platte River downstream of the Strontia Springs Reservoir and Dam was breeched and significantly damaged during high runoff flows in spring 2015. Due to the resulting damage to the dam structure and the river bed, complete replacement of the High Line Canal Diversion Dam and river channel restoration is required. Design for the replacement High Line Canal Diversion Dam occurred in 2015 for 2016 construction to restore the ability to divert water to the canal for the 2016 irrigation season.

The project includes demolition of the existing timber-framed High Line Canal Diversion Dam and appurtenances, construction of the replacement timber-framed diversion dam and appurtenances, site earthwork for river bed restoration, and the design, installation, and maintenance of temporary river diversion and dewatering systems.

Budget Information:

This project was designed in 2015 as an unbudgeted emergency project. The \$2,000,000.00 budget for 2016 was estimated with the assistance of an on-call consultant estimator. There are sufficient funds budgeted to pay for the work to be completed in 2016. Once completed, this project will not commit the Board to future year expenditures.

The 2016 Capital Improvements Plan (MPC 2AA5054) includes sufficient funds for this project.

2016 Budget	\$ 2,000,000.00
Amount Requested This Item	\$ 1,270,000.00
YTD Expenditures	\$ 0.00
Revised Estimate	\$ 2,000,000.00
Budget Adjustment	\$ 0.00

Selection of Business Partner:

Denver Water advertised the project for solicitation of Contractor qualifications through the Daily Construction Journal and Denver's Water website. Three General Contractors submitted qualifications and were approved to propose on this project. A Quality Based Selection (QBS) process was used to select the winning proposal from the prequalified Contractors. The risks associated with the schedule, the location, and the planning required for dewatering and river diversion justified the use of a QBS process. The Contractor's staff, proposed methods, project understanding, and the price factored into the award decision. The proposals were scored and ranked by a team comprised of Denver Water Operations and Maintenance, Engineering, and Construction Management.

Three proposals were received. Through the QBS process it is the recommendation of the evaluation team that the Proposal of ASI Constructors, Inc., of Pueblo West, Colorado be awarded the Contract for the amount of \$1,270,000.00. The Opinion of Probable Cost for the Work was \$1,402,500.00.

The Minority and Women Business Enterprise (MWBE) goal established for this construction project is 3% participation. ASI Constructors, Inc. achieved 4.3% MWBE participation.

Recommendation:

It is recommended that the Board approve Contract 16420A with ASI Constructors, Inc. for the High Line Canal Diversion Dam Replacement Project for the contract period December 16, 2015 through May 15, 2016 for a total contract amount not to exceed \$1,270,000.00.

Approvals:



Robert J. Mahoney
Director of Engineering

Respectfully submitted,



James S. Lochhead
CEO/Manager



Terri Bryant
Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-A-19

Surplus Property Designation and Conveyance of Property at Road Runners Rest Reservoir to South Adams County Water and Sanitation District Pursuant to April 9, 2014 IGA Contract #15042A

Action by Consent

Action

Information

On April 9, 2014 the Board approved Contract #15042A, Inter-governmental Agreement (“2014 IGA”) between the Board and South Adams County Water and Sanitation District (“South Adams”). In this agreement both parties agreed to convey various property interests to facilitate future operations. The Board agreed to convey to South Adams its interest in a 1.29 acre parcel originally acquired under the name Road Runners Rest Reservoir to be used by South Adams for its future water works operations. This 1.29 acre parcel is located adjacent to South Adams’ existing facilities.

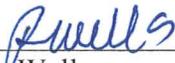
Denver Water has no current or future need to construct facilities within this parcel. Among other consideration and terms of the 2014 IGA, South Adams has relinquished and conveyed all joint property ownership in the entire Downstream Reservoir system to Denver Water. To effectuate the Board’s commitment in the 2014 IGA, the Board is asked to declare the 1.29 acre parcel as surplus property and execute the attached Special Warranty Deed and Quitclaim deed conveying the parcel to South Adams.

Recommendation:

It is recommended that the Board declare 1.29 acres of property at Road Runners Rest Reservoir surplus, as it is no longer useful or required for present or future water works purposes, and to approve and execute the Special Warranty Deed and Quitclaim Deed conveying this parcel to South Adams.

Approvals:

Respectfully submitted,



Patricia L. Wells
General Counsel



James S. Lochhead
CEO/Manager



Robert Mahoney
Director of Engineering

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-A-20

**Amendment No. 2 with Archer Western Construction, LLC
For the Marston Treatment Plant
Flocculation and Sedimentation Equipment Replacement
Contract 15326A**

Action by Consent

Action

Information

Summary:

On June 25, 2014, the Board awarded Contract 15326A in the amount of \$7,346,103.00 to Archer Western Construction, LLC to perform the Marston Treatment Plant Flocculation and Sedimentation Equipment Replacement project. During project startup, the flight equipment supplied by Evoqua Technologies, Inc. and installed by Archer Western Construction, LLC was tested and found that it did not comply with a national water quality standard (NSF 61). Multiple tests confirmed the material was unacceptable as it leached higher than allowable amounts of Volatile Organic Compounds (VOC) that are known to have carcinogenic properties. The supplier, Evoqua, confirmed our results and agreed to replace the flights in accordance with Amendment No. 2. Marston's Plant staff has been able to modify their operations to ensure compliance with the State's mandated VOC levels until replacement is completed.

This Amendment No. 2 reflects credits to the Contract amount for the reimbursement of Denver Water personnel expenses during the replacement of VOC contaminated flights and appurtenances in each of the six sedimentation basins and a time extension to the Contract to May 15, 2016 for the installation of replacement equipment.

Budget Information:

The 2015 Capital Improvement Plan (MPC 2CE0520) includes sufficient funds for this project.

2015 Budget	\$3,109,862.96
Amount Requested This Item	(\$109,886.40)
YTD Expenditures	\$2,512,220.88
Dollars Budgeted for Future Years	\$369,000.00
Revised 2015 Estimate	\$2,999,976.56
Budget Adjustment	(\$109,886.40)

Recommendation:

It is recommended that the Board approve the Second Amendment to Contract 15326A with Archer Western Construction, LLC for Marston Treatment Plant Flocculation and Sedimentation Equipment Replacement for an extension of the contract period through May 15, 2016 and for a credit of (\$109,886.40) for a total amended contract amount not to exceed (\$109,886.40).

Approvals:

Respectfully submitted,



Robert J. Mahoney
Director of Engineering



James S. Lochhead
CEO/Manager



Angela Bricmont
Director of Finance



Terri Bryant
Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-A-21

Water Process Control System Upgrade Contract # 11424B

Action by Consent

Action

Information

Summary:

Denver Water's water process control system uses the Genesis32 software from Iconics, Inc. This software provides a graphical user interface that is used by Water Distribution, Water Treatment and Water Collection operators to monitor and control the water distribution, treatment and collection system and processes. The current Genesis32 software was installed in 2002 and is based on older technology. The new Genesis64, implemented using new technology, will greatly improve system performance and scalability. Additionally, the upgraded software provides monitoring and control via mobile devices and is now asset centric, which will enable improved integration with Denver Water's asset management program. In conjunction with the new Genesis64 upgrade, the Water Treatment and Water Control sections wish to expand existing capabilities to provide event-driven trending and data collection as well as a higher level of monitoring and operational control at the Water Treatment facilities.

Budget Information:

The cost of the Genesis64 software upgrade is included in the 2015 IT Network Services capital budget under MPC 2HB0099, TOE 5012.

2015 Budget	\$ 320,000.00
Amount Requested This Item	\$ 315,205.80
YTD Expenditures	\$ 0.00
Revised Estimate	\$ 320,000.00
Budget Adjustment	\$ 0.00

Denver Water is leveraging Iconics's upgrade path and exchanging our existing Genesis32 licenses for upgraded Genesis64 licenses at a 75% discount over list pricing for a total cost savings of \$219,166. Additionally, the annual maintenance and support pricing with Iconics for Genesis64 has been restructured, resulting in a saving of approximately \$25,000 per year.

Selection of Business Partner:

It is Iconics, Inc. business practice to exclusively partner with a regional manufacturer representative, and require order of licenses to be handled through their regional manufacturer representative, rather than directly through Iconics. The purchase of these licenses will be processed through Process Control Dynamics, Inc. who is the Rocky Mountain region's manufacturer representative for Iconics, Inc.

Recommendation:

It is recommended that the Board approve the first amendment to Contract number 11424B with Iconics, Inc. c/o Process Control Dynamics Inc. for the purchase of Genesis64 licenses including

associated maintenance and support services as outlined in the attached detail quote from Process Control Dynamics, Inc. for the contract period 10/15/2015 – 12/31/2016, for an additional amount of \$315,205.80, a total contract amount not to exceed \$333,543.80.

Approvals:

Respectfully submitted,



Chris Dermody
Director of Information Technology



James S. Lochhead
CEO/Manager



Tom Roode
Director of Operations & Maintenance



Terri Bryant
Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-B-1

Adoption of 2016 Budget

Action by Consent

Action

Information

The Board was presented the proposed 2016 budget at its December 3rd workshop. Budget preparation began after the mid-year review of Strategic Plan priorities, followed by establishment of an overall revenue adjustment within which the budget would be set. The 2016 budget reflects funds required to meet the operating and capital needs to supply, treat, and distribute water to over 300,000 customers. Within this budget, are funds specifically identified to meet the organization's top strategic initiatives for 2016. The summary of sources and uses of funds for 2016 is presented below:

2016 Proposed Budget (Millions)	
SOURCES OF FUNDS:	
Operating	\$ 273
Hydro Power	5
Participation	8
SDC	20
Interest	2
All Other Revenue	6
Non-Operating	6
Subtotal Sources of Funds	\$ 321
Bond Proceeds	57
Total Sources of Funds	\$ 378
USES OF FUNDS:	
Salaries & Benefits	123
Operating	78
Refunds Debt and Misc	46
Capital	140
Total Uses of Funds	\$ 388

**Report is populated in millions of dollars and subsequently there may be slight differences in rounding.

Recommendation:

It is recommended that the Board approve the proposed 2016 Budget as summarized in this Board item.

Approvals:

Respectfully submitted,



Angela Bricmont, Director of Finance



James S. Lochhead, CEO/Manager



Terri Bryant, Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-B-2

2016 Proposed Rate Structure Change and Revenue Requirement

Action by Consent

Action

Information

Rate Structure Study

Denver Water's rate structure has not undergone a full scale study in more than 20 years. Since then we have seen dramatic changes in how customers use water, their average demand, and peak water usage. An extensive rate structure study began in 2014 and included surveying 25,000 customers; an affordability study; collaboration with stakeholder groups; and a detailed analysis of customer impacts. Denver Water has created a new rate structure that will begin to shift our revenue from such a heavy reliance on usage to a more stable fixed fee. Our new rate structure will provide the revenue stability needed to continue delivering safe, reliable water to our customers.

Proposed structures by customer class are detailed below:

- *Fixed monthly charge* (all classes)- Implement a fixed monthly charge by meter size and increase the amount of rate revenue recovered from the service charge from 7% to 10% in 2016; with the intent of increasing the total amount to 20% in the future.
- *Single family residential (SFR)*- Implement an individualized, three tier, inclining block, average winter consumption (AWC) structure.
- *Multifamily and nonresidential (NR)*- Combine classes under an individualized, three tier, inclining block, AWC structure.
- *Irrigation*- Implement an individualized water budget structure in 2017.

2016 Revenue Requirements

The 2016 revenue requirement totals \$321 million and consists of operation and maintenance expenses, rate-funded expansion and repair and replacement capital, and debt service. These revenue requirements are met from rate revenue, miscellaneous revenue, and cash reserves. Rate revenues under the proposed structure, with a 3.8% general increase, are forecasted to generate \$273 million based on an April 1, 2016 implementation.

Recommendation

Staff recommends adoption of the 2016 proposed rate structures and revenue requirements effective April 1, 2016.

Approvals:

Respectfully submitted,



Angela Brumont,
Director of Finance



James S. Lochhead
CEO/Manager



Terri Bryant
Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-B-3

Self-Insurance for Workers' Compensation

Action by Consent

Action

Information

Summary:

On September 21, 2015, the Board's insurance broker Arthur J. Gallagher ("Gallagher") presented to the Board a cost study to self-insure workers' compensation. The Board requested Gallagher provide firm prices for certain estimated costs, primarily the excess insurance premium and third party administrator costs. The Board allowed staff to move forward with an actuarial study of loss experience required by the Department of Labor and Employment ("DOLE") along with the submission of the self-insurance application.

Per the Board's request Gallagher has completed a formal RFP process for a third party administrator, marketed the excess worker's compensation liability, and obtained a quote from DOLE for the self-insurer bond and determined that the Board would save approximately \$161,000 annually in workers compensation expense.

Recommendation:

Based on Gallagher's analysis Staff recommends the Board implement self-insurance for Workers Compensation coverage. Gallagher believes the Board will save money and have more control and flexibility in managing the program with the self-insurance model. Gallagher's expectation is that day to day management of the program will not be significantly different from what the Board is currently doing.

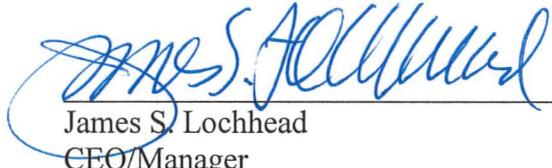
With Board approval today to move forward with self-insurance for workers' compensation, staff will present contracts for Third Party Administrator and stop-loss insurance in January 2016.

Approvals:

Respectfully submitted,



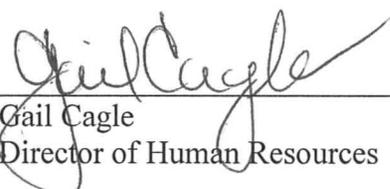
Patricia Wells
Legal Counsel



James S. Lochhead
CEO/Manager



Angela C. Bricmont
Director of Finance



Gail Cagle
Director of Human Resources



Terri Bryant
Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-B-4

Purchase of Sasaki Land and Fulton Ditch Shares at Lupton Lakes for Agricultural Studies and Potential Long Term Downstream Reservoir Expansion Contracts 16455A and 16455B

Action by Consent

Action

Information

Summary:

Denver Water's recent Integrated Resource Plan (IRP) investigations identified the need to preserve options to develop water resources that are useful in multiple future scenarios and can be incorporated into different strategies. The Sasaki Property (Attachment 1), located adjacent to the North Cell at Lupton Lakes in Ft. Lupton, meets these criteria. The purchase of the Sasaki Property includes 45 acres of land, sand and gravel mineral rights, and an irrigation well that is part of the Central Water Conservancy District's augmentation plan ("Land"). The purchase also includes a separate agreement for water from 8 Fulton Ditch shares, as the property has been used for agricultural purposes and irrigated with water from the Fulton Ditch. The Sasaki Property refers to both the Land and Fulton Ditch shares collectively.

Denver Water's near-term plan for the Land is to lease it for agricultural use while studying alternative transfer methods of agricultural water rights. In the future, Denver Water forecasts that additional downstream storage space will be required under certain scenarios to capture reusable water over the 30,000 acre-feet currently planned. The additional storage may be used to augment depletions under various "One Water" scenarios, potable reuse, and agricultural sharing arrangements. If the Land is developed into additional downstream storage, the proximity of the Land to the Lupton Lakes Complex reduces the per acre foot cost of developing additional storage because of the ability to share infrastructure.

Denver Water has negotiated to purchase the Sasaki Property for \$2,862,000.00. The purchase includes \$2.7 million for the Land (Agreement 16455A) and \$162,000.00 for the 8 Fulton Ditch shares (Agreement 16455B). Earnest money (Land - \$100,000.00; Fulton Ditch shares - \$8,500.00) has been deposited with the title company subject to several contingencies – Board approval, marketable title, inspection, survey, and appraisal. The balance of \$2,753,500.00 plus closing costs will be due at closing.

Budget Information:

The CEO/Manager will fund the acquisition with his 2015 contingency fund.

Recommendation:

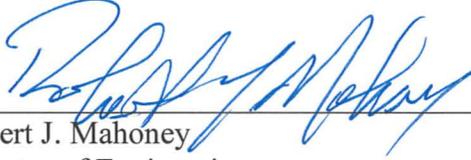
It is recommended that the Board:

1. Approve Contract 16455A and Contract 16455B for a total contract amount not to exceed \$2,862,000.00 plus closing costs for the purchase of the Sasaki Property, subject to the satisfactory completion of all matters involving due diligence; and

2. Authorize the CEO/Manager to enter into subsequent amendments of the purchase and sale agreement and other agreements necessary to purchase the Sasaki Property, subject to approval of the Board's General Counsel.

Approvals:

Respectfully submitted,



Robert J. Mahoney
Director of Engineering



James S. Lochhead
CEO/Manager



William G. Bates
Acting Director of Planning



Terri Bryant
Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-B-5

Contract Payment to Mitigate Dewatering of Irrigation and Domestic Wells at Lupton Lakes Contract # 10558B

Action by Consent

Action

Information

Summary:

To facilitate their individual and mutual interests in property in the Lupton Lakes area, Denver Water entered into a Joint Use Agreement dated September 29th, 2006 (Contract 10558B) with Bromley Mineral Holdings, LLC (“Bromley”). Under paragraph 3 of that Agreement, Denver Water assumed some of Bromley’s obligations of a Gravel Property Lease with Martin Marietta Materials (“Martin”) dated June 2nd, 2005. Paragraph 6 of that Lease requires Denver Water to mitigate injury to water rights of others, including offsite injury due to dewatering during mining.

Martin has been and continues to mitigate the dewatering of offsite wells. It has withheld the costs of doing so from royalty payments owed to Bromley. On November 10th, 2015, Bromley requested that Denver Water reimburse Bromley for the withheld royalties and provided the associated accounting. The total reimbursement Bromley requests from 2013 through October 2015 is \$509,835.62, which includes some one-time expenses. Denver Water staff has reviewed the accounting and believes this is a reasonable cost for the required mitigation.

Budget Information:

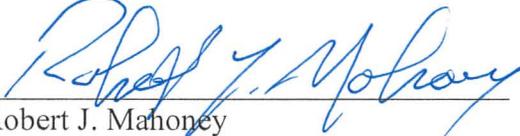
Reimbursement for the costs associated with mitigating offsite dewatering at Lupton Lakes is not included in the 2015 Capital Improvement Plan (MPC 1AL0227). Payment of this amount does not relieve Denver Water from its obligation to mitigate future effects on offsite wells. A project budget adjustment was recommended by the System Managers.

2015 Budget	\$	0.00
Amount Requested This Item	\$	509,835.62
YTD Expenditures	\$	0.00
Dollars Budgeted for Future Years	\$	0.00
Revised Estimate	\$	509,835.62
Budget Adjustment	\$	509,835.62

Recommendation:

It is recommended that the Board authorize the payment of Agreement 10558B with Bromley Mineral Property, LLC for mitigation of offsite dewatering costs for a total amended contract amount not to exceed \$509,835.62.

Approvals:



Robert J. Mahoney
Director of Engineering



William G. Bates
Acting Director of Planning

Respectfully submitted,



James S. Lochhead
CEO/Manager



Terri Bryant
Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: 12/16/2015

Board Item: II-B-6

Contract Amendment with Confluence Group for Mobile Application Development & Support Services Contract # 12206A

Action by Consent

Action

Information

Summary:

Under this contract, The Confluence Group, Inc. has been developing Enterprise Applications and integration solutions for Denver Water since March of 2009, including a mobile workforce automation platform (mPlatform) and various mobile applications since December of 2010.

The goal of achieving greater self-sufficiency has largely been achieved with the Denver Water IT team accomplishing nearly 80% of the support and development tasks for the mobile program in 2015. This is a significant success - the ability for Denver Water to sustain and build on the mobile program has been proven and Confluence now plays more of a staff augmentation role to evolve embedded mPlatform technologies and develop additional mobile applications.

In 2015, the fifth full year of advancements under the mobile program (mPlatform), Denver Water continued to expand the operational and financial benefits of workforce mobilization. While the primary focus for the mobile program is to provide efficiencies to areas of the business that have not been “mobilized” yet, the evolution of Denver Water business operations (changes from LEAN, and desires for continuous improvements from those areas that have been mobilized) continue to be significant source of new requirements on the mobile platform. Simply, business innovation is enabled by technological advancement and technology is enabling business innovation in a virtuous cycle.

Accomplishments delivered by the mobile team in 2015 included:

- 1) Mobile Residential Water Audits
- 2) Mobile Water Quality - Cross Connect / Backflow Prevention surveys
- 3) ORCA EzWork
- 4) Major additional GIS capabilities for field workers
- 5) Enhancements for Consolidated Dispatch operations for improved efficiency
- 6) Water Treatment Management System Replacement analysis
- 7) Mobile data collection for Corrosion inspection
- 8) Mobile Service Line change-over
- 9) Mobile data collection for Soil Amendment inspection
- 10) Business analytics and updates to support Lean metrics and events

The requested 2016 Confluence contract extension will provide additional capacity to complete work on the following new mobile applications:

- 1) Water Quality - Sample Collection
- 2) Water Quality – Water Distribution System Development/Improvements
- 3) Dispatch - Appointment Booking

And provide support for:

- On-going mPlatform Strategic and Operation Support
- On-going paired-programming, mentoring, and training, with Denver Water development team

Selection of Business Partner:

In 2012, Denver Water and the Confluence Group entered into an agreement whereby the two parties would share intellectual property ownership of the mPlatform software that had been jointly developed. Under this agreement, Denver Water secured the right to enhance the mPlatform software for its own purposes as well as acquire and use future mPlatform software enhancements that were independently developed by Confluence, with no additional licensing costs to Denver Water. Given the proprietary nature of the mPlatform software, other software vendors do not exist in the marketplace with the expertise necessary to enhance or extend the software without incurring a significant investment and learning curve. From a practical perspective, this limits opportunities to engage other software vendors to assist Denver Water in enhancing/extending the mPlatform software.

Budget Information:

Funds for this contract extension are included in the 2016 IT budget (Cost Center 170, MPCs 3HN0067, 4IT0089, 4IT0074). A budget adjustment of \$60,000 has been requested to transfer funds from Cost Center 170, MPC 4JN0002 to MPC 4IT0074 cover cost for this contract.

2016 Budget	\$ 427,060.00
Amount Requested This Item	\$ 483,120.00
YTD Expenditures	\$ 0.00
Dollars Budgeted for Future Years	\$ 0.00
Revised Estimate	\$ 487,060.00
Budget Adjustment –	\$ 60,000.00

Recommendation:

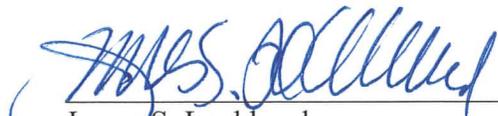
It is recommended that the Board approve the Twelfth Amendment to Contract 12206A with The Confluence Group Inc., for additional mobile workforce development and support services, for an extension of the contract period through 2016 and for an additional amount of \$483,120, for a total amended contract amount not to exceed \$5,557,974.

Approvals:

Respectfully submitted,



Christopher R. Dermody
Director of Information Technology



James S. Lochhead
CEO/Manager



Patricia Wells
General Counsel



Terri Bryant
Controller

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-B-7

Proposed Revision of Personnel Policy § 14-3 – Accrual of Vacation Leave

Action by Consent

Action

Information

Summary:

Denver Water frequently hires mid-career employees who possess the level of skill and knowledge required to achieve the strategic goals of the organization. The current policy regarding vacation accruals requires that all new hires accrue the same minimum two weeks' vacation leave per year, regardless of their level of relevant job experience. The recommended policy change will align the policies regarding vacation leave accrual for newly hired introductory employees with the following stated goal of the Total Rewards Philosophy: "Vacation allocation aligned with an individual's total relevant work experience."

A separate Board Item No. II-B-8 recommends that the Board approve a one-time adjustment to the vacation accrual rates of current employees hired during the past nine years. The purpose of that Board Item is to provide those current employees equity with newly-hired employees should the Board approve the attached recommended changes to § 14-3.

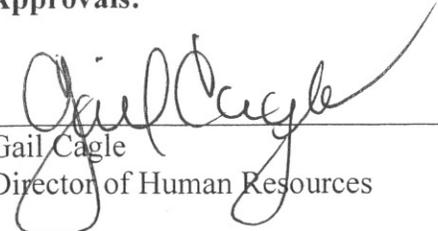
Budget Information:

These changes will not have an immediate budget impact; there will be no impact until additional accrued vacation, if not used by an employee, is cashed out when the employee leaves Denver Water.

Recommendation:

It is recommended that the Board adopt the attached changes to Section 14-3 of the *Personnel Policies*.

Approvals:

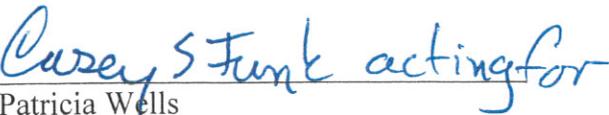


Gail Cagle
Director of Human Resources

Respectfully submitted,



James S. Lochhead
CEO/Manager



Patricia Wells
General Counsel

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 16, 2015

Board Item: II-B-8

Vacation Accrual Rate Adjustments for Current Employees

Action by Consent

Action

Information

In a separate Board Agenda Item No. II-B-7, Human Resources is recommending changes to § 14-3 of the *Personnel Policies* regarding vacation accrual rates for newly-hired mid-career employees. Should the Board adopt the recommended changes to § 14-3, it is recommended that the Board also approve a one-time adjustment to the vacation accrual rates of current employees who were hired in the preceding nine years into positions that required prior relevant work experience as a qualification for employment. These current employees received the minimum two-week vacation accrual rate regardless of the number of years of experience they brought with them to Denver Water, or the number of years of experience required by their position. The recommended action will align their vacation leave accrual rates with the following stated goal of the Total Rewards Philosophy: "Vacation allocation aligned with an individual's total relevant work experience."

The recommended vacation accrual rate adjustment for current employees would credit an employee hired in the nine years preceding February 1, 2016 with months of service commensurate with the amount of minimum experience required by the class specification for the position into which the employee was originally hired. For example, if the employee was hired into a position that required a minimum of five years' experience in a related position, the employee would be credited with 60 months of service for the purpose of setting a vacation accrual rate in addition to the months of service already served by the employee.

Budget Information:

These changes will not have an immediate budget impact; the budget impact will occur when the additional accrued vacation, if unused by the employee, is cashed out when the employee leaves Denver Water.

Recommendation:

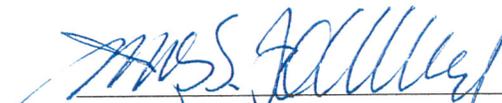
It is recommended that the Board approve a one-time vacation accrual rate adjustment for current regular employees hired after February 1, 2007, which is nine years from the effective date of the adjustment.

Approvals:

Respectfully submitted,



Gail Cagle
Director of Human Resources



James S. Lochhead
CEO/Manager



Patricia L. Wells
General Counsel