

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

OPEN SESSION

March 23, 2016

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, March 23, 2015, beginning at 9:00 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

Penfield W. Tate, III, President
John R. Lucero, First Vice President
Thomas A. Gougeon, Vice President
Paula Herzmark, Vice President
H. Gregory Austin, Vice President

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

J.S. Lochhead, CEO/Manager	P.L. Wells, General Counsel
A.C. Bricmont, Director of Finance	M. King, Director of Planning
S. Covington, Director of Public Affairs	J.A. Anderson, Director of Customer Relations
B.D. Good, Deputy Manager of Organizational Improvement	T.J. Roode, Director of Operations and Maintenance
R.J. Mahoney, Director of Engineering	C.R. Dermody, Director of Information Technology
G. Cagle, Director of Human Resources	P.A. Carey, Manager of Purchasing and Contracting
U. Sharma, Treasurer	L. Billeter, SMWBE Program Outreach Coordinator
K. Bates, Attorney	D. Winter, Lean Program Manager
T. Cristiano, Manager of Budgets and Rates Administration	S.L. Chesney, Manager of Media and Executive Communications
T. Bryant, Controller	T. Thompson, Senior Media Relations Coordinator
D.M. Hamm, Staff Analyst	

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S. Snyder, Special Projects Coordinator	M. Price, Division Office Business Manager
W. C. Austin, Manager of Safety & Security	B. Maulis, Contract Specialist
M. Aragon, Customer Service Field Manager	J. Segal, Contract Specialist
P. McCormick, Engineer	M.H. Iverson, Division Office Business Manager
A. Chotiner, Division Office Business Manager	M. Faulkner, Talent Acquisition Manager
K. Knoll, Manager of Stakeholder Relations	S. Hall, Manager of Organizational Communication
J. Tejral, Manager of Water Conservation	M. Bond, Project Manager
T. Thompson, Sr. Media Relations Coordinator	M. Galvan, Security Specialist
Y. Her, Contracts Supervisor	S. Chesney, Manager of Media Communications
K. Gedney, Contract Specialist	J. Ross, Engineer
A. Ingram, Contract Specialist	M. Garfield, Customer Care Manager
T. McGuire-Collier, Assistant Director of Public Affairs- Communication & Marketing	N. Willis, Web Developer
M. Brzeczek	L. Martinez, Manager of Total Rewards
W. Mosher, Trammel Crow	A. Rettig, Finance Manager
M. Broeren	S. Snyder, Special Projects Coordinator
J. Bauer, Trammel Crow	S. Price, Engineer
	L. Hylbert
	C. Paulson
	C. Paulson
	J. Becker-Wold, Callan

Commissioner Tate called the meeting to order at 9:16 a.m.

Public Comment and Communications

Commissioner Tate issued an invitation to members of the public to comment to the Board on any matters not included in the Agenda for the meeting.

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Mr. Paulson presented the Board with his personal analysis of Denver Water's 2016 Rate Schedule, a copy of which is attached to and incorporated in these Minutes as Exhibit A. Ms. Bricmont responded that the new rate structure is intended to create a more stable method of revenue for Denver Water, while continuing to send a conservation message to customers and charge the lowest price in the first tier. Mr. Lochhead remarked that Rate Advisory Committee comprised of diverse stakeholders was involved in the development of the rate structure, and that the differential impact was considered and accepted.

Commissioner Tate stated that Item III-D would be discussed out of order.

1. **ITEM III-D: OCR UPDATE**

Mr. Mosher provided the Board with a monthly OCR Project update, a copy of which is attached to and incorporated in these Minutes as Exhibit B. He remarked that demolition and site work are currently underway, design work for the entire campus redevelopment is 60% complete, remediation and rebalancing of soil continues, Xcel has completed its disconnects, and four work packages are underway. The approved expenditure amount for the work packages is lower than anticipated because a portion of the scope of work was moved from package three to package five. Trammel Crow, RNL, Mortenson and the City are working to track the permitting process, and Mr. Mosher and Mr. Lochhead will continue to work with the City on permitting costs. Next month's Project update will include a revised rendering of the administration building.

Upon motion regularly made, seconded and unanimously carried by the Commissioners then present, unless otherwise noted, the Board acted upon the following agenda items:

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1. ITEM II-A-1: CONTRACT AMENDMENT WITH INSIGHT PUBLIC SECTOR FOR ANNUAL MICROSOFT ENTERPRISE AGREEMENT

Approved the Eight Amendment to Contract 07733B with Insight Public Sector, Inc. for the Microsoft Enterprise Agreement. The amendment adds \$165,800.00 for a total amended contract amount not to exceed \$5,754,763.00.

2. ITEM II-A-2: ANNUAL CONTRACTS SCHEDULED TO RENEW AND/OR REQUIRE ADDITIONAL FUNDING IN THE SECOND QUARTER OF 2016

Approved the Fifteenth Authorization for Additional Contract Funds and/or Renewal Dates for Contract 06409A with Oracle America, Inc. for annual software licensing and maintenance support for the Oracle Enterprise Database. The authorization extends the contract through May 31, 2017, and adds \$300,000.00 for a total amended contract amount not to exceed \$2,849,096.11.

Approved the Fifteenth Authorization for Additional Contract Funds and/or New Effective Date for Contract 06920A with Itron, Inc. for maintenance for meter reading hardware and software. The authorization extends the contract through March 31, 2019, and adds \$172,000.00 for a total amended contract amount not to exceed \$748,979.00.

3. ITEM II-A-3: TABULATION OF BIDS FOR S. PLATTE COLLECTION SYSTEM – NORTH METRO HOWE-HALLER A AND B RESERVOIRS FLOOD REPAIR

Awarded Contract 16556A to Tezak Heavy Equipment Co., Inc. for construction of the S. Platte Collection System – North Metro Howe-Haller A and B Reservoirs Flood Repair Project for the contract period of April 6, 2016 through September 15, 2016 for a total contract amount not to exceed \$1,301,760.00. The tabulation of bids is attached to and incorporated in these Minutes as Exhibit C.

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**4. ITEM II-A-4: WATER QUALITY STRATEGY FOR THE
DOWNSTREAM RESERVOIR WATER STORAGE PROGRAM**

Approved Contract 16647A with Reservoir Environmental Management, Inc. to develop a water quality strategy for the Downstream Reservoir Water Storage Program for a contract period of March 23, 2016 through January 31, 2017 for a total contract amount not to exceed \$194,959.00.

**5. ITEM II-A-5: FIFTH AMENDMENT TO AGREEMENT WITH BROWN
AND CALDWELL FOR THE DESIGN OF THE HILLCREST RESERVOIR
TANK REPLACEMENT**

Approved the Fifth Amendment to Contract 15598A with Brown and Caldwell for construction-phase services of the Hillcrest Reservoir Basin Replacement Project. The amendment extends the contract period through December 31, 2019, and adds \$1,127,282.00 for a total amended contract amount of \$3,282,839.00.

**6. ITEM II-A-6: CENTURYLINK NETWORK SERVICES – SECOND
MASTER AGREEMENT AMENDMENT**

Approved the Second Amendment to Contract 13396A with Qwest Corporation, d/b/a CenturyLink QC. The amendment adds \$2,500,000.00 for a total amended contract amount of \$14,855,250.00.

7. ITEM II-A-7: YOUTH EDUCATION PROGRAM

Approved Contract 16414A with Buirgy Consulting, Inc. for Youth Education Program services for the contract period of April 1, 2016 through March 31, 2017 for a total contract amount not to exceed \$310,000.00.

8. ITEM II-A-8: PRINTING SERVICES

Approved Contract 16525B with OneTouchPoint Mountain States, Contract 16525C with Beacon Printing, and Contract 16525D with FuseCreates for printing services for the contract period of March 23, 2016 through February 28, 2020 for a total contract amount not to exceed \$638,212.00.

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9. ITEM II-A-9: AQUA AMMONIA BID TABULATION

Approved Contract 16576SA with AgFinity, Inc. for Aqua Ammonia for the contract period of April 1, 2016 through March 31, 2019 for a total contract amount not to exceed \$450,000.00. The tabulation of bids is attached to and incorporated in these Minutes as Exhibit D.

10. ITEM II-A-10: INTERACT INTRANET, INC. AND DENVER WATER AGREEMENT

Approved Contract 16640A with Interact Intranet, Inc. for redevelopment of Denver Water's internal intranet for a contract period of March 23, 2016 through March 9, 2019 for a total contract amount not to exceed \$282,260.00.

11. ITEM II-B-1: 2016 PURCHASE OF FLEET VEHICLES

Approved Contract 16664A with the National Joint Powers Alliance for construction equipment purchases for a contract period of March 23, 2016 through December 31, 2016 for a total contract amount not to exceed \$7,000,000.00. Mr. Roode remarked that this contract reflects changes in Denver Water's fleet strategy in that it is consistent with the plan to reach the optimal six-year replacement cycle to minimize maintenance costs and maximize resale value.

12. ITEM II-B-2: AGREEMENT FOR CONTENT JOURNALISM WITH RAGAN COMMUNICATION

Approved Contract 16021A with Ragan Communications for content journalism consulting services for a contract period of April 1, 2016 through January 31, 2017 for a total contract amount not to exceed \$325,000.00. Ms. Chesney presented the Board with an overview of brand journalism, which is part of Denver Water's brand strategy to move from an outsourced to an in-house method of communicating. A copy of the presentation is attached to and incorporated in these Minutes as Exhibit E. She and Mr. Thompson remarked that media communication has changed as newsrooms have fewer resources and organizations are creating their own news content through social media channels. Traditionally, organizations such as Denver Water would rely on news media to share information. Now, with the assistance of

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Ragan Communications, Denver Water will have the ability to strategically and proactively create and share information and engage in dialogues with the public through social media. Public Affairs will have its own news team to curate and create the content, in real time, and position Denver Water as the trusted source.

13. **ITEM II-B-3: NORTH SYSTEM RENEWAL WATER TREATMENT PLANT OWNER'S REPRESENTATIVE SERVICES**

Approved Contract 16676A with Jacobs Engineering Group, Inc. for Owner's Representative Services for the North System Renewal Water Treatment Plan Project for a contract period of April 4, 2016 through September 30, 2016 for a total contract amount not to exceed \$740,000.00. Mr. McCormick presented the Board with an update on the project, which will replace the Moffat Water Treatment facility. A copy of the presentation is attached to and incorporated in these Minutes as Exhibit F. The Owner's Representative will provide internal oversight during the planning phases of the project, vet operational and design issues and help to ensure that the project delivers the best value to the water treatment system. The next phase of the project will be procurement, including contracting with a construction manager at risk and design consultants. It is estimated that the design and construction phases will each take four years, with a target operation date in 2023.

The project is intended to build flexibility and modularity into the treatment system while ensuring delivery of 150 million gallons of water per day. Mr. King commented that although the IRP process will comprehensively evaluate many future scenarios that could alter Denver Water's plans for future supply, this project is necessary at the present time.

14. **ITEM II-B-4: ARMED SECURITY GUARDS SERVICES AT DENVER WATER FACILITIES**

Approved Contract 16604A with Allied Barton for armed security guard services at Denver Water facilities for a contract period of March 23, 2016 through April 30, 2019 for a total contract amount not to exceed \$7,000,000.00. Mr. Roode said that staff decided to segment the scope of work under this contract to increase the opportunity for SBE/MWBE participation. This approach succeeded in that Allied Barton will subcontract

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with a certified MWBE vendor, approved by Denver Water, thus achieving the goal of 11% MWBE participation.

15. **ITEM II-B-5: DENVER WATER EMPLOYEES' PAID LEAVE PROGRAM**

Approved revisions to Denver Water's employees' paid leave program with an implementation date of January 1, 2017. The revisions replace sick and vacation leave with paid time off (PTO), at the same tenure-based accrual rates currently in place. The sick and vacation leave that employees have accrued will transfer to PTO on a 1:1 rate. Beginning January 1, 2017 the PTO accrued leave cap will be 480 hours. Employees with accrued leave in excess of 400 hours as of December 31, 2016 will be compensated 100 percent for the excess accrued time. This compensation will be deposited in employees' 401(k) accounts. Employees will begin the year with nine personal days and will have nine paid holidays. The Board will pay for short-term disability coverage for all employees at a set percentage of their pay and the annual paid time off cash-out program will continue to be available, with some revisions scheduled to be finalized in May 2016.

Ms. Cagle reported that she and Mr. Lochhead had met with employees at several forums during the preceding week to share information about the revised plan and received positive feedback. Notably, employees voted as to whether they would prefer to continue to observe Veterans Day and Cesar Chavez day or have those hours available as personal days to be used at other times throughout the year. The result is that employees voted to continue to observe Veterans Day. Denver Water will be open for business on Cesar Chavez Day beginning in 2017.

16. **ITEM III-A: SBE/MWBE PROGRAM UPDATE**

Ms. Knoll and Ms. Hamm presented the Board with an annual update on Denver Water's SBE/MWBE program. A copy of the presentation is attached to and incorporated in these Minutes as Exhibit G. They remarked that in 2015 Denver Water's SBE target was 15% and we achieved 10.17%. The MWBE target for goods and services was 10% and Denver Water achieved 2.5%. The Operations and Maintenance MWBE target was 5% and Denver Water achieved 15%. The construction and construction-related MWBE goal

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was 8% and Denver Water achieved 13.87%. Additionally, Denver Water spent \$1,556,000.00 on contracts with MWBE's outside of the rules of the disparity study. The targets and goals will remain the same for 2016, based upon the recommendation from the external advisory committee. Ms. Knoll said that Denver Water will continue and increase outreach, as well as increase awareness of the program internally to help reach the 2016 targets and goals.

17. **ITEM III-B: CONTINUOUS IMPROVEMENT**

Mr. Winter presented the Board with an update on Denver Water's LEAN/Continuous Improvement program. A copy of the presentation is attached to and incorporated in these Minutes as Exhibit H. He reviewed the 2010-2015 accomplishments, highlighting the Distribution and Service Delivery Value Streams, and reported a \$5,218,000.00 hard dollar savings to date. During 2015, LEAN activity declined due to staff changes and feedback from the employee survey. For 2016, the re-named Continuous Improvement program will strive for better communication, preparation, follow-up and improved understanding of the Executives' role in crafting the target state.

Upcoming activities will include a safety value stream; customer experience value stream (distributor focus); Ralston Treatment Plant 2P; Water Quality Lab 2P; Fleet value stream; and Finance value stream.

Commissioner Tate left the meeting at 11:10 a.m.

18. **ITEM III-C: AMI METER READING**

Mr. Aragon presented the Board with information regarding advanced metering infrastructure. A copy of the presentation is attached to and incorporated in these Minutes as Exhibit I. He said that in the 1980's water meters were read manually and that in the 2000's Denver Water implemented an automated meter reading system that allowed fewer readers to drive by locations and receive signals. The latest technology is advanced metering infrastructure, either by radio or cellular technology. Denver Water conducted a pilot study of the cellular technology with two vendors and found that both accurately captured meter reads and transmitted data, accurately alerted for leaks, worked with single family and commercial customers, had customer

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portals/utility portals, and had mobile applications. Going forward, Denver Water will conduct another study of a hybrid system of the current meter reading technology and the advanced technology in a strategic portion of Denver Water's service area. The goal will be to measure financial savings, the number of leaks found, safety improvements, mileage reduction, and the effect on conservation.

Mr. Lochhead remarked that this approach to test where there is a business case is appropriate for Denver Water to evaluate and convert technology incrementally.

19. **ITEM IV–A: CEO REPORT**

Mr. Lochhead reported on the LEAN permitting event in which Denver Water, the EPA and the state participated. He said that during the last week he and Ms. Cagle attended employee forums reviewing the 2015 highlights, plans for 2016, the employee survey, the status of the compensation study and proposed revisions to the accrued leave program, and that the meetings went very well. This afternoon he is scheduled to attend a meeting regarding the National Western Complex, to sign a non-binding memorandum of understanding. Last week he spoke at the Rocky Mountain Urban Land Institute forum, and noted that Susan Dagget is writing a book on the organization's 25 year history. He helped to author a chapter in the book and gave a presentation on that subject matter.

Also last week, Mr. Lochhead attended a meeting in Las Vegas with the CEO of the Washington D.C. water utility and people who are equity investors in mobile technology relevant to water utilities. He remarked that the new technologies on the horizon will vastly improve operations and customer experience and that Denver Water needs to be prepared to adapt appropriate technologies. He and Ms. Covington attended the Association of Metropolitan Water Agencies meeting, which focused on how utilities will deal with the rapidly evolving lead service line issues. The discussion revealed that the problems in Flint, Michigan reflected a community crisis. Ms. Covington remarked that as Denver Water discusses and/or develops a policy regarding

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lead service lines, we should take a broad approach and include diverse members of the community.

20. ITEM IV–B: CFO REPORT: MONTHLY FINANCIAL REPORT

The Board received the Monthly Financial Report dated February 29, 2015, as set forth in Agenda Item IV-B-1, which is attached to and incorporated in these Minutes as Exhibit J.

21. ITEM IV–C: OPERATIONS REPORT

Mr. Roode reported that Transmission & Distribution staff are currently assigning half of their resources to areas where we anticipate main breaks. He also reported that Denver Water will close at 12:00 p.m. today due to severe weather.

22. ITEM V–A: SCHEDULING OF FUTURE BOARD MEETINGS AND TENTATIVE DISCUSSION TOPICS

The Board received the Schedule of Future Board Meetings and Tentative Discussion Topics, a copy of which is attached to and incorporated in these Minutes as Exhibit K.

23. ITEM V–B: EVENT CALENDAR

The Board received a calendar of upcoming community events to be attended by various staff, a copy of which is attached to and incorporated in these Minutes as Exhibit L.

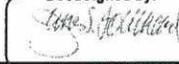
No further business appearing, the Board voted unanimously to adjourn Trustee Meeting at approximately 11:47 a.m.

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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, March 23, 2015, commencing at 11:47 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 12:02 p.m.

DocuSigned by:

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Secretary

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President