

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

OPEN SESSION

January 22, 2014

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, January 22, 2014, beginning at 9:14 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

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

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

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| J.S. Lochhead, CEO/Manager | P.L. Wells, General Counsel |
| A.C. Bricmont, Director of Finance | D.L. Little, Director of Planning |
| S.C. Covington, Director of Public Affairs | J.A. Anderson, Director of Customer Relations |
| 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 | P.B. Coleman, Chief Internal Auditor |
| M.K. Frishman, Attorney | M.E. Elliott, Assistant Director of Public Affairs – Government, Stakeholder Relations and Conservation |
| T. Bryant, Controller | G. Fisher, Manager of Demand Planning |
| D.M. Hamm, Staff Analyst | C. Piper, Intergovernmental Affairs Coordinator |
| J.S. Walker, Contracts Supervisor | |
| P. Daukas, Manager of Environmental Planning | |

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| D. De Francesco, Manager of Marketing and Special Projects | B. Wedll, Purchasing Agent |
| S. Dominick, Water Resource Engineer | M. Waage, Manager of Water Resource Planning |
| B. Peters, Water Resource Engineer | L. Kaatz, Environmental Scientist |
| S. Hall, Manager of Organizational Communications | B. Honeycutt, Conservation Specialist |
| R. Wirth, Supervisor of Treasury Operations | B. Bates, Manager of Water Rights Protection |
| J. Ross, Engineer | C. Good, Water Resource Engineer |
| B. Baltz, IT Application Developer | J. Bandy, Water Resource Engineer |
| H. Stauffer, Administrative Assistant | S. Price, Engineer |
| M. Garfield, Customer Care Manager | D. Shable, Engineer |
| A. Ingram, Contract Specialist | J. Finehout, Emergency Management Specialist |
| R. Martinez, Manager of Emergency Response | C. Funk, Attorney |
| C. Schuyler-Rossie, Environmental Scientist | J. Shaw, Conservation Specialist |
| | J. Tejral, Manager of Water Conservation |
| | B. DeWitt, <i>Acting</i> Superintendent of Source of Supply |
| | R. Christensen, District Foreman |

Pat Fitzgerald, Platte Canyon Water and Sanitation District

Commissioner Austin called the meeting to order.

Public Comment and Communications

Commissioner Austin issued an invitation to members of the public to comment to the Board on any matters not included in the Agenda for the meeting. There was no response.

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Ceremonies, Awards, and Introductions

Mr. Lochhead introduced Gail Cagle, new Director of Human Resources. Ms. Cagle will continue the efforts to restructure the Human Resources Division and to implement the changes produced by the Employer of the Future initiative.

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

1. **ITEM II-A-1: AMENDMENT TO AGREEMENT WITH ALPINE ECOLOGICAL RESOURCES, LLC**

Approved the Fifth Amendment to Agreement 12977A with Alpine Ecological Resources, LLC, for annual success monitoring and reporting for the Harriman Reservoir mitigation wetlands from 2014 to 2016. The amendment extends the contract period through January 31, 2017, and adds \$29,500.00 for a total amended contract amount not to exceed \$121,935.00. It is attached to and incorporated in these Minutes as Exhibit "A."

2. **ITEM II-A-2: CONTRACT FOR HORIZONTAL FLOCCULATION EQUIPMENT**

Awarded Contract 15248A to Jim Myers & Sons, Inc., for horizontal flocculation equipment for the term January 22, 2014, through June 30, 2015, for a total contract amount not to exceed \$2,298,260.00.

3. **ITEM II-A-3: CONTRACT FOR SLUDGE COLLECTION EQUIPMENT**

Awarded Contract 15188A to Siemens Water Technologies, LLC, for sludge collection equipment for the term January 22, 2014, through June 30, 2015, for a total contract amount not to exceed \$2,217,600.00.

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4. **ITEM II-A-4: ADDITIONAL FUNDS FOR AUTO PARTS AND BATTERIES**

Approved the Second Amendment to Agreement 13557A with NAPA Auto Parts, Genuine Parts Company, for auto parts and batteries. The amendment adds \$85,000.00 for a total amended contract amount not to exceed \$185,000.00. It is attached to and incorporated in these Minutes as Exhibit "B."

5. **ITEM II-A-5: ADDITIONAL FUNDS FOR PRINTING SERVICES**

Approved the First Amendment to Contract 13767A with OneTouchPoint Mountain States, LLC, for printing services through December 31, 2015. The amendment adds \$210,000.00 for a total amended contract amount not to exceed \$840,000.00. It is attached to and incorporated in these Minutes as Exhibit "C."

6. **ITEM II-A-6: RENEWAL OF WORKERS' COMPENSATION INSURANCE POLICY FOR 2014**

Approved a one-year renewal of the workers' compensation insurance policy issued by Travelers Indemnity Company under Contract 13490A. The Board also approved payment of the renewal premium of \$445,414.00 and the estimated payment of \$909,086.00 for claims under the policy for 2014.

7. **ITEM II-A-7: DENVER WATER CAMPUS MASTER PLAN PROGRAM MANAGER**

Approved Agreement 15333A with TC Denver Development, Inc., for the Denver Water Campus Master Plan Program Manager for a total contract amount not to exceed \$120,000.00. The agreement is attached to and incorporated in these Minutes as Exhibit "D."

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8. **ITEM II–A–8: KONICA MINOLTA PRINTER LEASE**

Approved a five-year lease agreement with All Copy Products for a Konica Minolta Bizhub Press 1250 printer for a total contract amount not to exceed \$115,000.00.

9. **ITEM II–A–9: SOCIAL NETWORKING POLICY CHANGE**

Approved the elimination of Personnel Policy 2-5-(8) on the use of social media by employees.

10. **ITEM II–A–10: AMENDMENT TO CHAPTER 6 OF OPERATING RULES**

Approved changes to Operating Rule 6.04.5(c) regarding leak adjustments to customer bills. The current and revised rule are attached to and incorporated in these Minutes as Exhibit "E."

11. **ITEM II–B: PERSONNEL POLICIES CHANGES, CHAPTERS 2 AND 11**

Approved changes to Chapters 2 and 11 of the Personnel Policies regarding Denver Water's anti-nepotism policy. The revised policies focus on avoiding conflicts of interest and other improprieties when there are family members in the same workplace, without setting a limit on the number of family members who may work at Denver Water. They also address supervision, work units, corrective action, and family relationships created by civil unions and domestic partnerships. The updated chapters are attached to and incorporated in these Minutes as Exhibit "F."

12. **ITEM III–A: LEGISLATIVE UPDATE**

Mr. Piper updated the Board on pending legislation, including a bill drafted by Denver Water that would require all showerheads, faucets, tank toilets, and flushing urinals sold in Colorado to be WaterSense-certified products. If passed, it is expected to save 40,000 acre-feet of water every year. It is

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sponsored by Sen. Lucia Guzman in the Senate and Rep. Randy Fischer in the House. They are expected to introduce the bill on January 24, 2014. Mr. Piper opined that the bill is well-positioned to pass.

Staff will review other pending bills and, if necessary, make recommendations to the Board on whether Denver Water should take a position on them.

13. **ITEM III–B: INTEGRATED RESOURCE PLAN STATUS REPORT**

Several members of staff reported on the progress of the Integrated Resource Plan (“IRP”), whose purpose is to guide Denver Water’s decision-making for the next 40 years on collection, treatment, distribution, recycling, and conservation of water. Mr. Waage explained that the planning effort includes long-term investigations on climate change, conservation, watersheds, and aquifer storage. All investigations are expected to be completed by 2018.

Mr. Fisher discussed the possible efforts that could be made to increase conservation, including emergency demand reduction, central control of irrigation systems, research on landscaping changes, and engaging the business and developer communities to address water in their master plans.

Ms. Dominick spoke about Denver Water’s watersheds and provided an executive summary of a Water Quality Assessment for the Upper South Platte River. The summary showed the water quality in that watershed, which feeds two Denver Water treatment plants, has been stable for the past 13 years and faces no immediate threats. Ms. Dominick also reported that Denver Water received a grant from the state to participate in a pilot project on source water protection. Lastly, she recognized the Denver Water water quality lab’s successful monitoring program, which is expected to be enhanced under the IRP.

The presentation, a Progress Report on the IRP Investigations, and the water quality summary are attached to and incorporated in these Minutes as Exhibits “G,” “H,” and “I,” respectively.

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14. **ITEM IV–A: CEO REPORT**

Mr. Lochhead informed the Board of a survey being conducted of all employees about working at Denver Water. The results of similar surveys conducted in the past influenced the Employer of the Future initiative and other policies.

Additionally, Mr. Lochhead provided an update on the ongoing Colorado River Basin discussions. He continues to work with the other basin states, the State of Colorado, and the federal government to identify options to improve the river's supply. The Upper Basin states have identified two options to raise the water level in Lake Powell: move water from the upper reservoirs to Lake Powell when necessary and institute a demand management program to fallow agricultural lands on a voluntary basis. Mr. Lochhead is continuing to pursue a pilot project with the Central Arizona Project, the Metropolitan Water District of Southern California, and the Southern Nevada Water Authority for demand management. Each of the utilities would contribute financially to the project, and the federal government may provide matching funds. Lastly, all of the basin states will be meeting soon to develop contingency plans for the river.

15. **ITEM IV–B–1: CFO REPORT: 2013 YEAR-END FINANCIAL REPORTS**

Ms. Bricmont provided to the Board year-end financial reports for 2013, which are attached to and incorporated in these Minutes as Exhibit "J." She reported that Denver Water ended the year in a strong and stable financial position, with a cash balance of \$222 million. She noted the need to create more stability in Denver Water's revenue; a study is being conducted on restructuring Denver Water's rate system. Mr. Mahoney also described savings achieved in 2013 on certain projects.

Ms. Bricmont said that the system managers will report back to the Board on the budget, the 2014 capital projects will be reprioritized to align with the

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capital plan and strategic plan, and the Board will receive a similar financial report every quarter.

16. ITEM IV–C–1: OPERATIONS REPORT: 2013 FLOOD RESPONSE

Several staff members provided an update on Denver Water's response to the September 2013 floods. Ms. Martinez and Ms. DeWitt reviewed the damage to Denver Water's facilities and the repair work completed by employees to date. The work involved more than 12,000 hours of labor, and there were no injuries or accidents. Mr. Shable described the upcoming repair projects at Gross and Ralston reservoirs and possible work on the Burlington Ditch. Denver Water will self-perform most of the work, which is expected to be completed by November 2014. The total estimated cost for all of the repairs and mitigation is \$12,860,000.00.

Ms. Bryant described the long process Denver Water has begun to receive reimbursement from FEMA. Denver Water's application for public assistance has received initial approval. The next step is for FEMA to verify the data Denver Water submitted, after which FEMA will distribute any approved funding through the State of Colorado.

The presentation, After-Action Report/Improvement Plan, and a 3-Year Training and Exercise Plan are attached to and incorporated in these Minutes as Exhibits "K," "L," and "M," respectively.

17. 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, which is attached to and incorporated in these Minutes as Exhibit "N."

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18. ITEM V–B: EVENT CALENDAR

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

19. ITEM V–C: REVIEW OF PROPERTY BURDENS AND DISPOSALS, 4TH QUARTER 2013

The Commissioners received a report for the Fourth Quarter 2013 of actions taken by the CEO/Manager or his designees under the authority granted to him by the Board to burden or dispose of Board property or involve an expenditure of \$10,000.00 or more, which is attached to and incorporated in these Minutes as Exhibit "P."

20. ITEM V–D: 2013 ("ON-CALL") GENERAL ENGINEERING AND CONSTRUCTION MANAGEMENT SERVICES CONTRACTS

The Commissioners received a tabulation of contracts entered into under On-Call General Engineering Design Services and Construction Management Services Contracts for the period August 2012 through December 2013, which is attached to and incorporated in these Minutes as Exhibit "Q."

No further business appearing, the Board voted unanimously to adjourn into Executive Session at 11:02 a.m.

EXECUTIVE SESSION

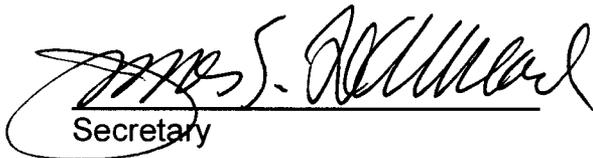
On Wednesday, January 22, 2014, commencing at 11:03 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners met in Executive Session. The following matters, which are authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34, were discussed during the Executive Session:

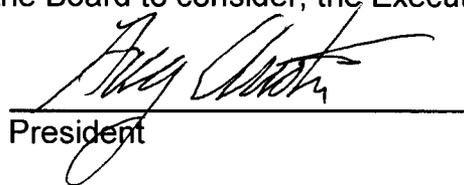
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1. Property Transactions § 24-6-402(4)(a)
2. Attorney-Client Matters § 24-6-402(4)(b)
3. Negotiations § 24-6-402(4)(e)

There being nothing further for the Board to consider, the Executive Session concluded at 11:50 a.m.


Secretary


President