

**RECORD OF PROCEEDINGS
MINUTES
of the
Board of Water Commissioners**

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

Wednesday, January 11, 2017

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, January 11, 2017, 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:

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

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

J.A. Anderson, Chief of Staff	P. Carey, Purchasing & Contract Manager
A.C. Bricmont, Chief Financial Officer	S. Chesney, Public Affairs Manager
G. Cagle, Chief Human Resources Officer	A. Chotiner, Business Operations Manager
S. Covington, Chief Public Affairs Officer	P. B. Coleman, Chief Internal Auditor
C.R. Dermody, Chief Information Officer	M. Elliott, Director Stakeholder Relations
B.D. Good, Chief Administrative Services Officer	M. Faulkner, Director HR - Talent
M. King, Chief Planning Officer	M. Garfield, Customer Relations Manager
J.S. Lochhead, CEO/Manager	D. Hamm, Division Analyst
T.J. Roode, Chief Operations and Maintenance Officer	A. Ingram, Contract Supervisor
A Turney, <i>Acting</i> Chief Engineering Officer	J. Lorton, Accounting Manager
P.L. Wells, General Counsel	E. Martinez, Director HR – Total Rewards
S. Abram, Budget Manager	T. McGuire-Collier, Director Communications/Marketing
M. Anderson, Engineer	S. Miller, Health Services Manager
	C. Piper, Public Affairs Manager
	J. Seagren, Distribution Relations Manager

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

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



L. Basaldua, Director HR – Organizational
Development
K. Bates, Attorney
G. Brockett, Division Sr. Analyst
T. Bryant, Controller

U. Sharma, Treasurer
H. Stauffer, Community Relations Specialist
A. Miller, KMGH

INTRODUCTORY BUSINESS

Commissioner Herzmark called the meeting to order at 9:12 a.m.

Upon motion regularly made, seconded and unanimously carried, Commissioner Tate was found to be absent for substantial cause and was excused.

Public Comment and Communications

Commissioner Herzmark 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.

ACTION ITEMS

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

1. ITEM II-A-1: MINUTES OF DECEMBER 7, 2016

The Minutes of the Regular Meeting of December 7, 2016 were approved.

The Minutes of the Executive Session No. One of December 7, 2016 were approved.

The Minutes of the Executive Session No. Two of December 7, 2016 were approved.

2. ITEM II-A-2: MINUTES OF DECEMBER 14, 2016

The Minutes of the Regular Meeting of December 14, 2016 were approved.

The Minutes of the Executive Session No. One of December 14, 2016 were approved.

The Minutes of the Executive Session No. Two of December 14, 2016 were approved.

3. ITEM II-A-3: CONTRACT 15954B FIRST AMENDMENT TO STOP LOSS INSURANCE WITH CIGNA

Approved the First Amendment to Contract 15954B with Cigna, for an addition of \$964,000.

4. ITEM II-A-4: CONTRACT 15956A FIRST AMENDMENT TO CONTRACT WITH UNUM FOR DISABILITY, LIFE AND AD&D INSURANCE

Approved the First Amendment to Contract 15956A with UNUM, for an addition of \$230,000, for a total amended contract amount not to exceed \$1,320,000.

5. ITEM II-A-5: DESIGNATION OF PLACES TO POST NOTICES FOR MEETINGS

Designated the following places for posting notices of Board meetings during 2017: 1) the glass-enclosed bulletin board near the main entrance to the Administration Building at 1600 W. 12th Avenue Denver, CO 80204; and 2) on a bulletin board near the elevators on the fourth floor of the City and County Building at 1437 Bannock Street Denver, CO 80202.

6. ITEM II-A-6: CONTRACT 15947A FIRST AMENDMENT TO DAVIS GRAHAM AND STUBBS CONTRACT

Approved the First Amendment to Contract 15947A with Davis, Graham & Stubbs, LLP, for an additional \$300,000, for a total amended contract amount not to exceed \$600,000.

7. ITEM II-A-7: SUPPLIER DIVERSITY EXTERNAL ADVISORY COMMITTEE

Approved the following new members to fill vacancies created by the departure of term-limited members: Rexann Dunn, NREL; Victoria Quintana, Istonish; and Mark Cordova, Centennial Bolt.

8. ITEM II-A-8: CONTRACT 16737A AMENDMENT NO. 1 WITH CH2M HILL ENGINEERS, INC. FOR THE DESIGN SERVICES FOR THE FOOTHILLS WTP UNIT SUBSTATION 1,2,3, 5 AND SOURCE WATER VFD'S REPLACEMENT PROJECT

Approved the First Amendment to Contract 16737A with CH2M Hill Engineers, Inc. for the design services for the Foothills WTP Unit Substation 1, 2, 3, 5 and Source Water VFD's Replacement Project. The Amendment extends the Contract period through April 28, 2018 and adds \$440,449, for a total amended contract amount not to exceed \$567,307.

9. ITEM II-A-9: CONTRACT 16808A AMENDMENT NO. 1 WITH CH2M HILL ENGINEERS, INC. FOR THE FINAL DESIGN FOR THE CONDUIT NO. 20 OUTLET STRUCTURE MODIFICATIONS AND CHATFIELD PUMP STATION MODIFICATIONS PROJECTS

Approved the First Amendment to Contract 16808A with CH2M Hill Engineers, Inc. for the Final Design for the Conduit No. 20 Outlet Structure Modifications and Chatfield Pump Station Modifications Projects. The Amendment extends the contract period through October 31, 2017 and adds \$487,972, for a total amended contract amount not to exceed \$594,928.

10. ITEM II-A-10: CONTRACT 16837A AMENDMENT NO. 1 WITH BURNS & McDONNELL ENGINEERING COMPANY, INC. FOR THE DESIGN SERVICES FOR THE MARSTON WATER TREATMENT PLANT ELECTRICAL UPGRADES AND LAMAR PUMP STATION ARC FLASH INCIDENT ENERGY REDUCTION PROJECT

Approved the First Amendment to Contract 16837A with Burns & McDonnell Engineering Company, Inc. for the Design Services for the Marston Water Treatment Plant Electrical Upgrades and Lamar Pump Station Arc Flash Incident Energy Reduction Project. The Amendment extends the contract period through September 30, 2017 and adds \$291,565, for a total amended contract amount not to exceed \$382,906.

11. ITEM II-A-11: RATIFICATION OF CONSTRUCTION CONTRACT CHANGE ORDERS, AMENDMENTS, AND AMENDMENTS TO AGREEMENTS

Ratified Construction Contract Change Orders, Amendments, and Amendments to Agreements authorized in November, 2016 as follows:

1. Change Order No. 7 to Contract 14063B with Western Summit Constructors, Inc. for the Ashland Reservoir Replacements;

2. Change Order No. 5 to Contract No. 14074A with Northwest Pipe for the Moffat Tunnel Collection System, Vasquez St. Louis Collection Conduit, Siphon No. 1 Pipe Procurement;
3. Change Order No. 2 to Contract 16114A with Moltz Construction, Inc. for Antero Dam Rehabilitation Phase IV;
4. Change Order No. 1 to Contract 16645A with Environmental Logistics for Kendrick Pump Station Landscape and Irrigation Renovations;
5. Change Order No. 1 to Contract 16901A with Quality Linings and Painting for Chatfield East Reservoir Overflow Recoating & Vortex Baffle Plates; and
6. First Amendment to Contract 16253B with Infrastructure & Marine Consultants, LLC for Strontia Springs Dam Emergency Reservoir Drainage System.

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

POLICY MATTERS

12. ITEM III-A: STRATEGIC PLAN UPDATE

Mr. Lochhead introduced the 2016 Year in Review Highlights document, a copy of which is attached to and incorporated in these Minutes as Exhibit A, and presented highlights from the current five year Strategic Plan.

He noted that the current plan laid the framework for the fundamental aspiration for Denver Water to be the best water utility in the nation, by outlining a methodology for being strategically driven, nimble and adaptable, accountable, establishing core values, prioritizing customer satisfaction, being financially strong and stable, and building effective and strategic relationships. An impressive number of goals have been achieved within the four perspectives of the plan, and Mr. Lochhead noted that these should be a source of pride for the Board, the Executive Team and every employee at Denver Water. Some of those achievements include: finalization of the Colorado River Cooperative Agreement, steady progress on the Gross Reservoir permitting efforts, the WISE project; adoption of a new IRP; 22% reduction in water consumption;

pioneering total water efficiency and the OneWater concept; savings to customers through bond refunding; adopting LEAN principles and achieving outstanding operational improvements; earning the Brookings Institute's recognition as one of the top five water utilities in the nation; launching Employer of the Future initiatives which improved Total Rewards; launching the OCR project; implementing a continuity of operations plan; actively engaging the business community to gain broader support for our efforts; developing a new brand promise for our customers; moving to content journalism with more than 1500 media stories; engaging in the visioning process for the High Line Canal Conservancy; renewing and reinvigorating our relationships with the distributors; and continuing to commit to the MWBE program. A copy of the Strategic Plan Achievements is attached to and incorporated in these Minutes as Exhibit B.

Commissioner Austin remarked that the number of accomplishments during the last five years is almost astonishing and that all employees who've helped to bring about these results should celebrate. Commissioner Herzmark agreed, stating that it is an extraordinary accomplishment to achieve these many objectives in a short period of time. She congratulated Mr. Lochhead, the Executive Team and all employees for their fine work that has resulted in this extraordinary set of accomplishments. Commissioners Gougeon and Lucero joined Commissioners Austin and Herzmark in their congratulations, adding that Denver Water is today capable of doing things that were not achievable in the past.

The Executive Team has recently reassessed the Strategic Plan with the goal toward facing new challenges and opportunities in a visionary manner. A copy of the draft revised plan is attached to and incorporated in these Minutes as Exhibit C. The plan includes a revised vision statement articulating that the top priorities are: service to our customers; protection of the natural environment; excellence in system operation and delivery; efficiency of water use; leading to meet future challenges; building communities; excellent financial strength; and never sacrificing long-term interests for short-term expediency. Upon feedback from Commissioner Gougeon, the vision statement will be further revised to reflect the large number of stakeholders who aren't customers. Mr. Lochhead explained that the revised plan also contains a more simplified approach to the four major perspectives: Excellent Operations; Strong Financials; Inspired People; and Trusted Reputation.

Revisions will be made to the plan and brought to the Board at a future date.

EXECUTIVE UPDATE

13. ITEM IV-A: CEO REPORT

Mr. Lochhead reported that he and Ms. Wells recently attended a Western Urban Water Coalition meeting, which is an organization of western water utilities designed to advocate for regulation and policy matters in Washington D.C.

14. ITEM IV-B: CFO REPORT

Ms. Bricmont reported that the Board will receive a memo next week containing five questions. She asked that the Board please respond to the questions so that Finance can better align financial management policies to the revised Strategic Plan (i.e.: frequency of reporting, one year vs. two year budget, etc.). Additionally, Ms. Bricmont, Ms. Wells and Ms. Covington will speak on January 12th to citizens in Littleton regarding the rate structure changes.

15. ITEM IV-C: OPERATIONS REPORT

Mr. Dermody reported on the successful changes to payroll and PTO which enables a detailed level of reporting of employee benefits and full deployment of the PTO policies. He said that IT is currently testing challenges with new mobile system upgrades, with a goal toward the successful implementation on January 24, 2017.

BRIEFING PAPERS & REPORTS

16. ITEM V-A-1: LEGISLATIVE UPDATE

The Board received a Legislative Update Briefing Paper, a copy of which is attached to and incorporated in these Minutes as Exhibit D. Mr. Piper stated that Denver Water's top legislative priorities are: 1) lead plumbing, including testing in schools and daycares and disclosures during sales or leases of property; and 2) a bill addressing the St. Jude's decision. Mr. Piper plans to present the Board with an update every two weeks.

17. ITEM V-A-2: DENVER PARKS/DENVER WATER 2015 IGA UPDATE

The Board received a Briefing Paper on the Denver Parks/Denver Water 2015 IGA, a copy of which is attached to and incorporated in these Minutes as Exhibit E.

18. ITEM V-A-3: 2016 YEAR IN REVIEW

The Board received a 2016 Year in Review Briefing Paper, a copy of which is attached to and incorporated in these Minutes as Exhibit F.

19. ITEM V-B-1 : NEW CONTRACT SUMMARY

The Board received a report of contracts entered into in the Fourth Quarter of 2016 for amounts between \$20,000.00 and \$100,000.00, a copy of which is attached to and incorporated in these Minutes as Exhibit G.

ADJOURNMENT

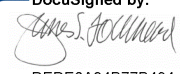
No further business appearing, the Board voted unanimously to adjourn into an Executive Session at approximately 10:37 a.m.

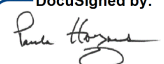
EXECUTIVE SESSION

On Wednesday January 11, 2017 , commencing approximately at 10:37 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 matter, which is authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34, was discussed during the Executive Session:

- 1. Personnel Matters § 24-6-402(4)(f)(I)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 10:55 a.m.

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Secretary

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President