

# AGENDA

## Denver Board of Water Commissioners

Denver Water Administration Building  
1600 West 12<sup>th</sup> Avenue  
Denver, CO  
Board Room, Third Floor

**Wednesday, May 10, 2017 9:00 a.m.**

---

### I. INTRODUCTORY 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

### 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. Minutes from April 12, 2017 – Open and Executive
2. Minutes from April 26, 2017 – Open and Executive
3. Contract 17031A ERTs & Registers
4. Contract 17043A Propane for SOS Facilities
5. Contract 17044A Aquatic Nuisance Species Inspections
6. Contract 16402A Amendment No. 3 with Great Lakes Environmental & Infrastructure LLC for Lupton Lakes Groundwater Cutoff Walls
7. Ratification of Construction Contract Change Orders and Amendments and Professional Services Agreement Amendments

**B. Individual Approval Items**

- |   |              |            |
|---|--------------|------------|
| <b>1. 2016 Audited Financial Statements</b> | Jean Bushong | 30 minutes |
|---|--------------|------------|

**III. POLICY MATTERS**

- |   |              |            |
|---|--------------|------------|
| <b>A. Water Efficiency Plan</b>                             | Jeff Tejral  | 30 minutes |
| <b>B. First Quarter Comprehensive Organizational Report</b> | Jim Lochhead | 70 minutes |

**IV. EXECUTIVE UPDATE**

- A. CEO Update**
- B. CFO Update**
- C. Operations Update**

**V. BRIEFING PAPERS & REPORTS**

- A. Briefing Paper**
  - 1. Legislative Update
  - 2. Property and Casualty Insurance Renewal and Replacement
- B. Report**

**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: May 10, 2017

Board Item: II-A-3

## ERTs and Registers Contract # 17031A-C

Action by Consent

Individual Action

### Summary:

Denver Water purchases Encoder Receiver Transmitters (ERTs) and water meter registers for warehouse stock for water meter maintenance and new installations.

### Budget Information:

The total amount of this contract is \$3,800,000.00, and the term of the contract is June 1, 2017 to May 31, 2020. Funds for this service/contract will come from the 2017 budget for Warehouse Stock, which has sufficient funds to pay the \$739,000.00 estimated to be needed in 2017. The remaining \$3,061,000.00 will be budgeted in years 2018, 2019 and 2020.

### Selection of Business Partner:

Currently, Denver Water uses Badger and Neptune water meter registers and Itron ERTs. Badger Meter, Inc. dba National Meter & Automation is the only authorized regional distributor of Itron ERTs and Badger water meter registers. Finish Line Systems, LLC is the only authorized regional distributor of Neptune registers.

Purchasing received pricing from both vendors. The pricing received is in line with the applicable price indices reported by the US Bureau of Labor Statistics.

### S/MWBE Information:

Badger Meter, Inc. dba National Meter & Automation and Finish Line Systems, LLC are neither a SBE nor a certified MWBE. This contract has been determined to fall within the Covered Goods & Services MWBE program, which has an overall 2017 target of 10% MWBE participation. MWBE participation targets are not set on an individual contract basis in this program.

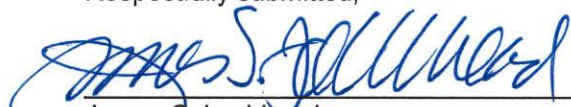
### Recommendation:

It is recommended that the Board approve Contracts 17031A (internal dollar contract), 17031B with Badger Meter, Inc. dba National Meter & Automation and 17031C with Finish Line Systems, LLC for ERTs and registers for the contract period June 1, 2017 to May 31, 2020 for a total contract amount not to exceed \$3,800,000.00.

### Approvals:

  
\_\_\_\_\_  
Thomas J. Roode  
Chief Operations Maintenance Officer

Respectfully submitted,

  
\_\_\_\_\_  
James S. Lochhead  
CEO/Manager

  
\_\_\_\_\_  
Angela Bricmont  
Chief Finance Officer

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 10, 2017

Board Item: II-A-4

## Propane for SOS Facilities Contract # 17043A

Action by Consent

Individual Action

### **Summary:**

Denver Water uses liquid propane to heat various SOS facilities and requires a contractor to furnish, deliver and transfer liquid propane to existing storage tanks at the facilities and caretaker residences.

### **Budget Information:**

The total amount of this contract is \$350,000.00, and the term of the contract is June 1, 2017 to May 31, 2020. Funds for this service/contract will come from the 2017 Source of Supply budget, which has sufficient funds to pay the \$68,000 estimated to be needed in 2017. The remaining \$282,000.00 will be budgeted in years 2018, 2019 and 2020.

### **Selection of Business Partner:**

Denver Water issued an Invitation for Bid ("IFB") to the public on Rocky Mountain E-Purchasing System ("BidNet"), on Denver Water's website, through notifications to the SBE and MWBE communities, and via direct solicitation to known vendors. Denver Water received five (5) bids, of which three (3) are SBE. Hill Enterprises, Inc. dba Hill Petroleum was selected based on lowest price. Hill Petroleum is a SBE.

### **S/MWBE Information:**

Hill Enterprises, Inc. dba Hill Petroleum is a SBE. This contract does not meet the criteria of either the O&M Construction Related or the Covered Goods & Services MWBE programs where overall annual participation targets are set.

### **Recommendation:**

It is recommended that the Board approve Contract 17043A with Hill Enterprises, Inc. dba Hill Petroleum for propane delivery for the contract period June 1, 2017 to May 31, 2020 for a total contract amount not to exceed \$350,000.00.

### **Approvals:**

  
\_\_\_\_\_  
Thomas J. Roode  
Chief Operations Maintenance Officer

Respectfully submitted,

  
\_\_\_\_\_  
James S. Lochhead  
CEO/Manager

  
\_\_\_\_\_  
Angela Bricmont  
Chief Finance Officer

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 10, 2017

Board Item: II-A-5

## Aquatic Nuisance Species Inspections Contract # 17044A

Action by Consent

Individual Action

### Summary:

Since 2009, Denver Water and Colorado Parks and Wildlife (CPW) have worked together to ensure that Aquatic Nuisance Species (ANS) do not enter Denver Water's waterways or infrastructure. Of particular interest to Denver Water are the Zebra and Quagga Mussels. These non-native mussels attach to almost anything and have infested many of the country's waterways, costing millions to deal with them on a regular basis. There is no known means of eradicating these mussels once that are established in a waterway. The purpose of our program is to prevent these nuisance species from entering our system, and more broadly, our state. The results of the statewide ANS program have been very favorable; currently, no Colorado waterways are listed as positive for containing these mussels. Every trailered boat that enters our reservoirs gets inspected and if necessary, cleaned. That is the best way to prevent the introduction of these invasive species.

CPW's ANS program is currently experiencing a drastic reduction in its budget for 2017. Agencies that partner with CPW have committed additional resources to the program to ensure that this vital program continues to operate in 2017. Denver Water has increased its budget by \$100,000 (\$400,000 total for 2017) to protect the four reservoirs on which we allow launched boats.

CPW has proposed legislation at the state level that, if passed, will help address its budget shortfalls. We are hopeful that they will have adequate funding to maintain this quality program in the future.

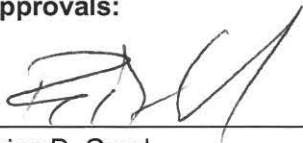
### Budget Information:

Business Unit 1004503400 (Aquatic Nuisance Species Program) has funding programmed to cover this expense. However, we will require a \$100,000 variance to cover additional expenses related to CPW's budget shortfall.

### Recommendation:

It is recommended that the Board approve contract 17044A with Colorado Parks and Wildlife for one (1) year for ANS inspection services at Antero, Eleven Mile, and Williams Fork.

### Approvals:



Brian D. Good  
Chief Administrative Officer

Respectfully submitted,



James S. Lochhead  
CEO/Manager



Angela Brumont  
Chief Finance Officer

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 10, 2017

Board Item: II-A-6

## Amendment No. 3 with Great Lakes Environmental & Infrastructure LLC for Lupton Lakes Groundwater Cutoff Walls Contract 16402A

Action by Consent

Individual Action

### Summary:

There are two open-pit sand and gravel mines (gravel pits) at the Lupton Lakes complex. Lupton Lakes is one of three downstream reservoir complexes. Mine dewatering in one of the gravel pits, the North Cell, has lowered the groundwater table and is impacting adjacent groundwater wells. The new groundwater cutoff wall will prevent groundwater seepage to and from the gravel pit, eliminating the impact to adjacent domestic and irrigation wells. Contract 16402A with Great Lakes Environmental & Infrastructure, LLC (GLEI), formerly Magnus Pacific, LLC, was awarded for Design-Build services for the Lupton Lakes Groundwater Cutoff Walls project on January 13, 2016.

Amendment No. 1 incorporated the change of the Contractor's corporate name. Amendment No. 2 provided the complete design and a portion of the construction of the internal reclamation slopes; construction only included the slopes adjacent to an existing oil and gas facility. This Amendment No. 3 adds construction of the balance of the reclamation slopes in the North Cell. The reclamation slopes provide a permanent stable embankment for the gravel pit and will provide protection of the previously constructed groundwater cutoff wall included in the original contract.

The reclamation slopes also satisfy reclamation conditions required in the mining permit and provides stable slopes to allow the use of the gravel pit for water storage. Figure 1 shows the typical cross section of the reclamation slopes. This amendment incorporates platform fills constructed during the groundwater cutoff wall work as permanent reclamation slopes.

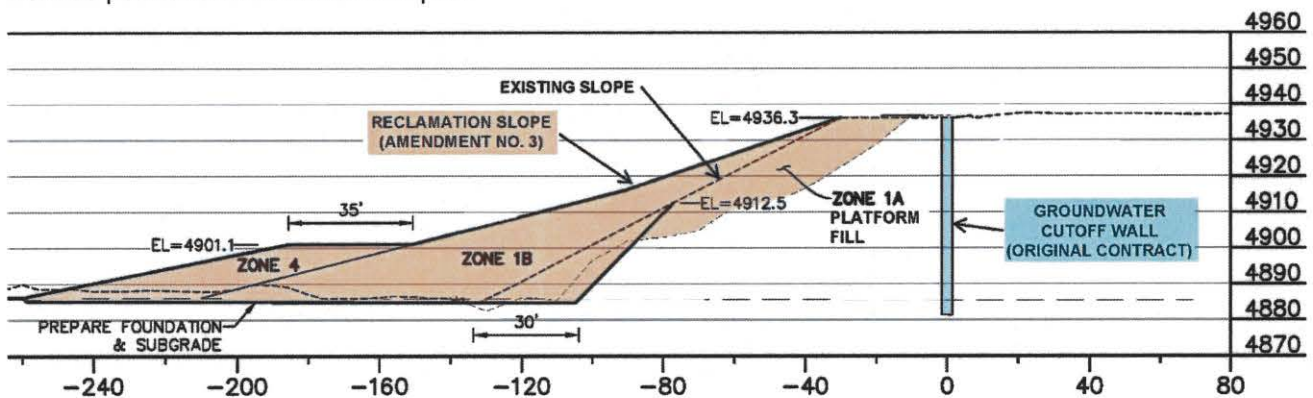


Figure 1 – Reclamation Slope

Continuing to work with the existing Design-Build team offers the following benefits: 1) provides competitive solicitation of subcontracted work, 2) provides MWBE participation, 3) delivers cost savings by eliminating procurement of another contract, and 4) makes a single entity (GLEI) responsible for the design, construction, and guaranteed performance of the completed North Cell.

**Budget Information:**

The amount of the original agreement is \$3,984,955. This amendment No. 3, in the amount of \$4,998,396, brings the total contract amount to \$9,868,701 (see table below). Funds for this Amendment will come from the Lupton Lakes Development Business Unit which includes funding for this work. This work was included in the approved budget for 2017 and the Program and System Managers have approved incorporation of this work in the referenced Contract.

<b>Item Description</b>	<b>Date</b>	<b>Amount</b>
Awarded contract.	01-13-2016	\$3,984,955
Amendment No. 1: Company name change.	05-02-2016	\$0
Amendment No. 2: Reclamation Slopes – Design and construction near oil and gas facility.	08-24-2016	\$885,350
Amendment No. 3: Reclamation Slopes – Construction of balance of slopes.	05-10-2017	\$4,998,396
	Total	\$9,868,701

**Selection of Business Partner:**

GLEI was selected for the original agreement through a quality based selection process which included 4 proposers. The original agreement was awarded on January 13, 2016. This is the third amendment to the agreement. GLEI, the Design-Build Contractor, solicited and received 3 proposals in response to the request for proposal and a quality-based selection process was used to evaluate the subcontractor proposals.

**S/MWBE Information:**

*The Minority and Women Business Enterprise (MWBE) goal established for this design-build construction project is 5% participation. With Amendment No. 3, the overall project participation is 6.25%.*

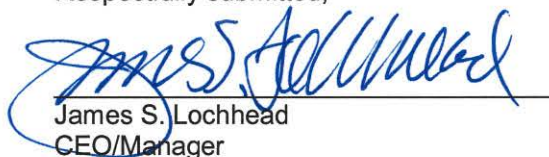
**Recommendation:**

It is recommended that the Board approve the third amendment to Contract 16402A with GLEI for construction of reclamation slopes for an extension of the contract period through November 30, 2017 and for an addition of \$4,998,396 for a total amended contract amount not to exceed \$9,868,701.

**Approvals:**

  
Robert J. Mahoney  
Chief Engineering Officer

Respectfully submitted,

  
James S. Lochhead  
CEO/Manager

  
Angela Briemont  
Chief Finance Officer

## DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 10, 2017

Board Item: II-A-7

### Ratification of Construction Contract Change Orders and Amendments and Professional Services Agreement Amendments

Action by Consent

Action


#### **Summary:**

The attached are Construction Contracts Change Orders and Amendments and Professional Services Agreement Amendments for Board ratification for March and April 2017.

#### **Recommendation:**

It is recommended that the Board ratify these Construction Contract Change Orders and Amendments and Professional Services Agreement Amendments.

#### **Approvals:**

  
Robert J. Mahoney  
Chief Engineering Officer

Respectfully submitted,

  
James S. Lochhead  
CEO/Manager



# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 10, 2017

Board Item: II-B-1

## 2016 Audited Financial Statements

---

Action by Consent

Individual Action

---

### **Summary:**

#### **Financial Statements:**

The 2016 Audited Comprehensive Annual Financial Report (CAFR) was provided to the Board for review. CliftonLarsonAllen LLP, Denver Water's external audit firm, completed their audit April 28, 2017, and will present the results at the Board meeting on Wednesday, May 10 for their acceptance.

#### 2016 Financial Highlights:

- The audit opinion is unmodified (clean).
- Operating results:
  - Operating income in 2016 increased \$0.7 million, or 2% from 2015:
    - 2016 operating revenues increased \$32.4 million, or 13% from 2015 primarily due to the rate increase that was effective April 1, 2016, designed to increase overall system water rate revenue by 3.8% as well as an increase in water sold (71.7 billion gallons sold in 2016 compared to 65.6 billion gallons sold in 2015).
    - 2016 operating expenses increased \$31.7 million, or 15% from 2015. This increase was primarily due to operating costs associated with several large projects including flood repairs from the 2013 flood, cathodic protection expenses, the Aquifer Storage and Recovery Pilot, the reimplementation of the financial system, the Integrated Resource Plan (IRP), and costs associated with pollution remediation identified in the Operations Complex Redevelopment project. Operating expenses were also higher than 2015 as a result of a higher pension expense and the compensation study.
  - Net position is the difference between assets and liabilities. Net position increased \$87.4 million in 2016. The increase consists of \$26.3 of income and capital contributions of \$61.1 million.

**Retirement Plans:**

The 2016 Audited Financial Statements for the Defined Benefit (Retirement Plan), Defined Contribution (401K Plan) and the Deferred Compensation (457 Plan) were also provided to the Board for review. CliftonLarsonAllen LLP completed the audit of these plans April 28, 2017.

2016 Financial Highlights:

- The audit opinion is unmodified (clean).
- Financial results:
  - 2016 employees' Retirement Plan posted a 7.5% gain (7.2% net of fee return) above the Plan's customized benchmark return of 7.2%.
  - 2016 net position restricted for pension of the Retirement Plan increased by \$15.8 million or 5.3%. The increase in the Plan's net position restricted for pension in 2016 was primarily due to changes in the market value of the Plan's investments.
  - 2016 additions to the Retirement Plan's net position restricted for pension included employer contributions of \$14.5 million and net investment income of \$21.3 million resulting in total additions to the Retirement Plan's net position restricted for pension of \$35.8 million.
  - 2016 deductions totaled \$20.0 million, compared to \$20.7 million in 2015. The change in deductions from 2016 to 2015 is a decrease of 3.6%. In comparison, deductions in 2015 over 2014 increased 1.1%.

**Recommendation:**

The recommendation is for the board to accept the 2016 Comprehensive Annual Financial Report.

**Approvals:**

  
\_\_\_\_\_  
Angela Bricmont  
Chief Financial Officer

Respectfully submitted,

  
\_\_\_\_\_  
James S. Lochhead  
CEO/Manager

  
\_\_\_\_\_  
Terri Bryant, CPA  
Controller

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 10, 2017

Board Item: V-A-1

## Briefing Paper for Legislative Update

---

### Strategic Plan Alignment:

Lenses: Customer Centric, Industry Leader, and Long-Term View

GOAL: Play a key role in issues important to our success by advocating the interests of Denver Water in legislative and regulatory matters, specifically by proactively lobbying the Colorado General Assembly.

### Summary:

We are now tracking 33 bills as of this briefing, supporting 11 and opposing two. A summary table of these bills, their status and our position is attached. Following the summary table is the full bill report which includes summaries, analysis and strategy on the bill. All major updates are highlighted in the following outline:

1. **HB17-1321 Parks And Wildlife Financial Sustainability** – the proponents of the failed SB17-035 (Seaplanes) attempted to get a Second Reading amendment that would add their bill into this bill. We joined Colorado Parks and Wildlife to lobby hard against this amendment. We were successful in getting a ruling that the amendment did not fit under the bill title. This, however, will not be the end of the work on this bill. The bill will face additional attempts to get the seaplane proposal amended into it in Senate Finance (on 5-4-2017) and the bill itself will be under fire for raising fees on sportsmen. Aurora Water had prepared a separate bill with only the new boat inspection fee sticker program in case this bill failed. However, neither the Senate nor the House were able to get Aurora's bill introduced. Therefore, everything rests on getting this bill passed. More detailed updates are located in the full bill report attached. **Position: Support.**
2. **SB17-290 Engineer Excavator Stamp Plan Underground Facility** – This bill would shift the burden of locating final underground utilities on plans for projects from the contractor that performs the work to the project owner's engineer. For many reasons, including that this is a solution in search of a problem, we took a position to oppose. Municipalities, contractors, universities, water providers and other have banded together to defeat this bill. We should know the outcome at your meeting. Specific details on why this bill places excessive burden on Denver Water can be found in the full bill report attached. **Position: Oppose.**
3. **HB17-1364 Authority Local Government Master Plan Include Water Plan Goal** – This bill was defeated almost as quickly as it was introduced. The bill sponsors, who we met with, are hoping to spur conversation about how to reduce water use through better land-use and water planning integration. We included questions we have in the full bill report below that indicate our confusion about the bill. However, in our meeting with the sponsors, we expressed our agreement with the premise that more should be done to integrate land-use planning and water planning with the goal of reducing water demands. We committed to them that we will work within a stakeholder process over the summer to figure out a more strategic approach to the challenge. **Position: Monitor.**

### Background:

N/A

### Budget Information:

N/A

### Alternatives:

N/A

### Approach:

N/A

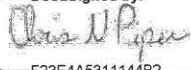
### Owner(s):

Chris Piper, Government Relations, Public Affairs

### Attachments:

Report on 2017 Legislation

Respectfully submitted,

DocuSigned by:  


F32E4A6311144B2...

Division – Public Affairs

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 10, 2017

Board Item: V-A-2

## Briefing Paper for Property and Casualty Insurance Renewal/Replacement

---

### **Strategic Plan Alignment:**

Purchasing insurance coverage in critical areas of Denver Water's operations is a direct objective of the goal under Excellent Operations that states, "We are driven to continuously improve in everything we do. We use standard work, work plans, asset and risk management practices, metrics and operational reporting to effectively and efficiently manage the business" The renewal of existing insurance policies is an on-going annual process.

Lenses: Check all that this initiative addresses:  Customer Centric  Industry Leader  Long-Term View

Transfer of these risk exposures to third parties will protect the organization, the Board, the executive officers and other employees from financial loss due to property damage or loss, theft, vandalism, terrorism, errors and omissions, equipment breakdown and fiduciary risks. Transferring risk aligns with Strategic Plan details for strong financials by providing the ability to recover insured losses from the insurers and avoid burdening our customers with rate increases to cover these losses.

### **Summary:**

Arthur J. Gallagher Risk Management Services, Inc. (AJG) markets the Board's insurance requirements every 3 to 5 years or sooner if favorable market conditions exist. Because insurance coverage expires annually, AJG provides recommendations to renew or replace the expiring policies so that we maintain insurance coverage for property, crime, fiduciary, and excess liability for the next year starting June 1, 2017. Staff will bring an action item to the Board on May 24, 2017 for approval to maintain coverages through May 2018.

### **Background:**

Property and excess liability insurance were marketed in 2011 and again in 2015 with XL and Argonaut being the successful bidders, respectively. AJG requested renewal terms for these coverages from the current providers. The property insurance quote is \$464,855 up by \$15,000 primarily due to the addition of the four new buildings in the office complex. The excess liability insurance quote remained the same as last year at \$71,685.

Fiduciary and crime insurance were marketed in 2010 and then in 2013. AJG marketed insurance coverages again in 2017. Travelers provided the lowest quote for both fiduciary insurance and crime insurance. Fiduciary insurance was quoted at \$19,000, approximately \$6,000 less than the prior year cost from Chubb. Crime insurance was quoted at \$4,700 annually for a three year term and included additional coverage for fraud (social engineering) protection with a sublimit of \$250,000. The cost for the prior policy with a 3 year term was \$4,500 annually.

### **Budget Information:**

Sufficient funds have been budgeted in the 2017 Risk Management business unit for these expenditures.

### **Owner(s):**

The Treasurer is the owner of this endeavor and resides in the Finance Division.

Respectfully submitted,



Division – Finance