

# AGENDA

## Denver Board of Water Commissioners

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

**Wednesday, September 26, 2018 9:00 a.m.**

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### 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. Third Amendment to Contract to 501383 (formerly 16652A) for Hillcrest Pump Station Replacement Project
2. First Authorization for Additional Contract Funds – Contract 503216 – Legal Services Agreement with Kutak Rock, LLP
3. Recommended Revisions to the Personnel Policies – Section 7-3-(6) Donation of PTO
4. Cheesman Dam Hydraulic Cylinder Replacements – Contract 503481

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**B. Individual Approval Items**

- |                                                                   |                |            |
|-------------------------------------------------------------------|----------------|------------|
| 1. Construction Services Agreement for Northwater Treatment Plant | Pete McCormick | 20 minutes |
|-------------------------------------------------------------------|----------------|------------|

**III. POLICY MATTERS**

- |                                           |             |            |
|-------------------------------------------|-------------|------------|
| A. OCR Update                             | Jeremy Ross | 10 minutes |
| B. Gross Reservoir Procurement & Delivery | Jeff Martin | 45 minutes |

**IV. EXECUTIVE UPDATE**

- A. CEO Update
- B. CFO Update
  - 1. Monthly Financial Update
- C. Operations Update

**V. BRIEFING PAPERS & REPORTS**

- A. Briefing Paper
  - 1. Briefing Paper on Donated Paid Time Off Program
- 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: September 26, 2018

Board Item: II-A-1

## Third Amendment to Contract to 501383 (formerly 16652A) for Hillcrest Pump Station Replacement Project

Action by Consent

Individual Action

### **Purpose and Background:**

The Hillcrest Pump Station Replacement Project, which is part of the overall Hillcrest Reservoir and Pump Station Project, consists of the demolition of the existing 12,000 square foot pump station, switch gear, switchyard, and pumps, as well as the construction of a new 16,000 square foot pump station, switch gear, switchyard and 11 large pumps. The existing pump station structure has had multiple issues with expansive soils that have permanently damaged the structure. The Hillcrest Pump Station is also more than 50 years old.

Brown and Caldwell partnered with Oz Architecture to provide structural and architectural design for the conceptual through final design services, which was approved in the Original Agreement and Amendment No. 1 by the Board on March 9, 2016 and July 30, 2016, respectively.

The project is now fully designed and is entering the construction phase. The original Request For Proposal and agreement stated future contract amendments are at Denver Water's discretion to retain the chosen consultant team to provide final design work and services during construction. Both consultants have performed well during the design phase, providing good value to Denver Water and efficiencies will be realized by using the same consultants during construction that provided the design.

This amendment includes the cost for providing services during construction by the structural and architectural consultants for the construction of the Hillcrest Pump Station Replacement project.

### **Budget and Schedule:**

The amount requested for Amendment No. 3 is \$277,134. A table showing the history of agreements is below.

Item	Cost	Description
Original Agreement	\$155,568	Structural and Architectural Design for 0-30%
Amendment No. 1	\$664,867	Structural and Architectural Design for 30% through Final Design
Amendment No. 2	\$0	Scope Addition, Absorbed Fee
Amendment No. 3	\$277,134	Services During Construction
<b>Total Contract Amount</b>	<b>\$1,097,569</b>	

Funds for the Third Amendment will come from the Hillcrest Pump Station Modifications Business Unit, which includes sufficient funds for the estimated \$20,000 for the 2018 expenditures. The remaining funds will be budgeted in the years 2019, 2020, and 2021 Capital Improvement Budgets. The term of this amendment is June 13, 2018 to July 31, 2021. Total project construction costs are tracking within the \$102,000,000 budget, approved by the Board on November 4, 2015.

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

Brown and Caldwell was selected for the agreement through a quality based selection process which included 3 proposers. The original agreement was awarded in the March 9, 2016 Board Meeting, in the amount of \$155,568. These services during construction will be billed at the hourly rate in the competitively-procured agreement.

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**S/MWBE Information:**

Due to the specialized nature of the work, no Minority and Women Business Enterprise (MWBE) goal was established for the design portion of the project. Participation will be obtained during project construction.

**Recommendation:**

It is recommended that the Board approve the Third Amendment to Agreement 501383 with Brown and Caldwell for services during construction for an extension of the contract period through July 31, 2021 for an addition of \$277,134 resulting in a total amended contract amount not to exceed \$1,097,569.

**Approvals:**

  
\_\_\_\_\_  
Robert J. Mahoney  
Chief Engineering Officer

  
\_\_\_\_\_  
Angela Brichmont  
Chief Finance Officer

Respectfully submitted,

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



# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: September 26, 2018

Board Item: II-A-2

## First Authorization for Additional Contract Funds Contract # 503216 – Legal Services Agreement with Kutak Rock, LLP

Action by Consent

Individual Action

### **Purpose and Background:**

The Office of General Counsel entered into Contract No. 17027A on February 8, 2017 (which later became Contract No. 503216 with Kutak Rock, LLP on February 20, 2018) to provide expertise and representation in the area of eminent domain, including real estate development entitlements, water rights, contractual rights, and oil and gas interests. Currently, Kutak Rock is providing legal counsel in Denver's Water pending petition to acquire Anadarko's surface rights in the Lupton Lakes South Cell (Case No. 2017CV30894). Kutak Rock is also assisting the Office of General Counsel with needed property acquisitions for the Northwater Treatment Plant and Gross Reservoir Expansion.

The Office of General Counsel is requesting the First Authorization for Additional Contract Funds for Contract No. 503216 in order to have the necessary monies available to pay professional services costs for pending and anticipated eminent domain matters, including retained expert services.

### **Budget and Schedule:**

The current amount of this contract is \$200,000 and the term of the contract is February 20, 2018 to February 28, 2022. The First Authorization for Additional Contract Funds for Contract No. 503216 requests an additional \$600,000. Funds for this contract will come from the 2018 budget for object account number 621010, OGC Professional Services, which does have sufficient funds to pay the amount estimated to be needed in 2018. It is estimated that \$160,000 will be needed in 2018. The remaining \$440,000 will be budgeted in years 2019 – 2022.

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

In September 2016, Denver Water issued a request for proposals ("RFP") for legal counsel to provide expertise and representation in the area of eminent domain, especially as it may relate to real estate development entitlements, water rights, contractual rights, and oil and gas interests. The RFP was distributed to all eminent domain law firms listed in the Colorado Legal Directory and the Colorado minority bar associations. It was also posted on Denver Water's Business and Contract Opportunities website. Four law firms responded to the RFP. After interviewing all four firms, the law firm Lowe, Fell & Skogg, LLC was selected to provide eminent domain services based on the experience and qualifications of the attorneys, billing rates, interview interaction, and the absence of apparent conflicts of interest. The current contract is with Kutak Rock, LLP, which reflects that Ken Skogg, Esq. and Dana Baggs, Esq. joined Kutak Rock February 1, 2018.

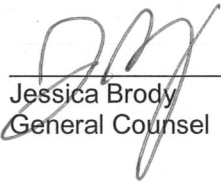
### **S/MWBE Information:**

No goal has been established for this type of service.

### **Recommendation:**

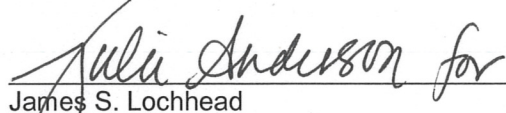
It is recommended that the Board approve the First Authorization for Additional Contract Funds for Contract No. 503216 with Kutak Rock, LLP for services in the area of eminent domain for an addition of \$600,000 for a total amended contract amount not to exceed \$800,000.

**Approvals:**

  
\_\_\_\_\_  
Jessica Brody  
General Counsel

  
\_\_\_\_\_  
Angela Brimont  
Chief Finance Officer

Respectfully submitted,

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

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: 9/26/2018

Board Item: II-A-3

## Recommended Revisions to the Personnel Policies - Section 7-3-(6) Donation of PTO

Action by Consent

Individual Action

### Purpose and Background:

The recommended changes to the Personnel Policies address matters with Denver Water's current donation of paid time off (PTO) program. The attached briefing paper provides additional context.

- A review by Denver Water's outside legal counsel determined that the current application of the PTO donation program is out of compliance with IRS requirements.
- The recipient should be taxed at the time the leave is taken, rather than at the time of donation.
- The leave should be donated to a PTO donation "bank," rather than to an individual employee.
- Following the IRS requirements would fundamentally change the longstanding leave donation program by eliminating the ability of employees to donate to a specific fellow employee.

Since January 1, 2017, employees have donated 166 PTO hours converted to 249 PTO hours for recipients. Less than 1% of employees have used this program. In addition, Denver Water has adopted new programs to assist employees dealing with emergencies, including paying for short-term disability for all employees and the establishment of the Emergency Assistance Fund.

### Budget and Schedule:


The recommended policy changes should have no budget impact.

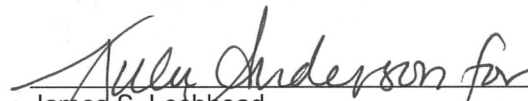
### Recommendation:

It is recommended that the Board adopt the recommended changes to the *Personnel Policies* described in the attachment, to become effective upon adoption by the Board.

### Approvals:

Respectfully submitted,

  
Gail Cagle  
Chief Human Resources Officer  
*on behalf of Gail Cagle*

  
James S. Lockhead  
CEO/Manager



# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: September 26, 2018

Board Item: II-A-4

## Cheesman Dam Hydraulic Cylinder Replacements Contract 503481

Action by Consent

Individual Action

### **Purpose and Background:**

Cheesman Reservoir is one of Denver Water's workhorse reservoirs on the South Platte System, containing over 79,000-acre feet of storage. Approximately 10 years ago, upstream control gates were installed in the reservoir to dewater the downstream tunnels and piping for inspections, and to provide emergency closure for an unforeseen pipe break. In recent years, we have been experiencing some corrosion and operation issues on the hydraulic cylinders that operate the gates.

This contract is for the diving work to replace the hydraulic cylinders for the upstream control gates at Cheesman Dam. The existing cylinders have experienced two separate instances of malfunction that have been corrosion and cylinder design related. To correct these issues, the corrosion and operational information gathered from the site will be used to design and procure replacement cylinders that will provide long lasting performance at Cheesman Reservoir. The new owner-furnished cylinders and related equipment are being procured under separate contracts.

### **Budget and Schedule:**

The total amount of this contract is \$584,450, and the term of the contract is September 26, 2018, to March 29, 2019. Funds for this contract will come from the 2018 Capital Improvement Cheesman Hydraulic Cylinder Replacements Business Unit created for this emergency project. Although this contract is within the CEO's signing authority, this contract is being presented for Board approval since it is an emergency/unbudgeted project, and total expenditures will approach or exceed the CEO's signing authority.

Overall Project Expenditures:

Item	Contract Number	Cost	Notes
Diving Contract (This Contract)	503480	\$584,450	Includes \$50K Contingency
Cylinder Procurement (3 total)	503480	\$135,793	Owner Furnished
Anode Sled Procurement	PO 132406	\$67,000	Owner Furnished
Forensic Analysis on Existing Cylinders	REQ 1978	\$9,800	
<b>Total Estimated Project Cost</b>		<b>\$797,043</b>	

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

Denver Water solicited bids from three General Contractors listed on the Prequalified Contractor List under the Heavy Civil discipline. This Contract was a restricted bid process using Invitation to Bids on the QuestCDN platform. On September 12, 2018, bids were received from three General Contractors. Marine Diving Solutions of Colorado was selected based on the lowest cost bid.

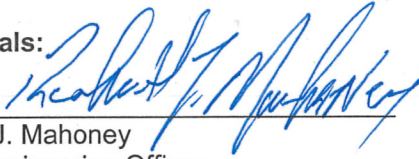
### **S/MWBE Information:**

The Minority and Women Business Enterprise (MWBE) goal established for this construction project is 3% participation. Marine Diving Solutions, Inc. achieved 3.94% participation.

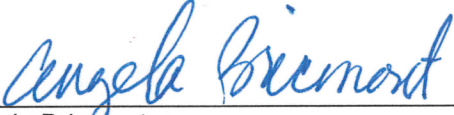
### **Recommendation:**

It is recommended that the Board approve Contract 503481 with Marine Diving Solutions, Inc. for the completion of Cheesman Dam Hydraulic Cylinder Replacements for the contract period September 26, 2018, to March 29, 2019 for a total contract amount not to exceed \$584,450.

Approvals:

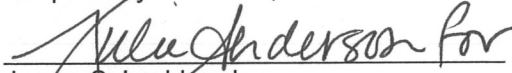


Robert J. Mahoney  
Chief Engineering Officer



Angela Brichmont  
Chief Finance Officer

Respectfully submitted,



James S. Lochhead  
CEO/Manager



# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: September 26, 2018

Board Item: II-B-1

## Construction Services Agreement For Northwater Treatment Plant

Action by Consent

Individual Action

### **Purpose and Background:**

The purpose of this Board Item is to execute the Construction Services Agreement (Agreement No. 503388) in support of advancing the Northwater Treatment Plant (NTP) Project through Task 5 – Construction.

Denver Water (DW) is in the process of designing the NTP, to be constructed on DW's Ralston Reservoir property north of Golden, to supplement the Moffat Water Treatment Plant (WTP). Following the recent capacity update, the current scope of work for the Project includes the construction of a 75-MGD initial capacity NTP, expandable to 150-MGD; and continuing Moffat WTP operations with a capacity of up to 60-MGD through 2040, as needed. Due to the phased construction anticipated under the Construction Services Agreement, the NTP is requesting approval of only the base Agreement at this time. Monthly construction updates will be provided to the Board. Work Packages (WPs) will be presented to the Board for approval prior to being executed.

### **Budget and Schedule:**

The Total Construction Cost (TCC) is currently estimated at \$414M, including Owner's Contingency of \$20M, of the total \$520M Total Project Cost approved by the Board on June 27, 2018. The TCC is not anticipated to be included within the Agreement until such time as DW and the Contractor agree upon all WP Guaranteed Maximum Prices (GMPs), or alternatively, agree upon a single lump sum for the Construction of the NTP. Funds for this Agreement, once individual WP GMPs are established, will come from the 2018 through 2023 budget for the NTP Business Unit. The total fee for the Contractor, based on the current project budget, is estimated to be \$20M.

Key details of the Agreement terms and conditions are presented in Table 1.

**Table 1: Construction Services Agreement Terms**

Contract	Fee (including G&A)	Insurance Rate (General Liability and Builder's Risk)	Bond Rate	General Conditions Labor Burden	Annual Labor Rate Escalation	Additional Fee for Self-Performed Work
503388	5.6%	1.154%	0.40%	1.42-1.45	2.83%	0%

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

In May 2016, a Request for Statements of Qualifications (RFQ) was posted to DenverWater.org for NTP Design Services. Seventeen firms (four Prime candidates) attended the Pre-Statement of Qualifications (SOQ) Meeting, and in June DW received two SOQs from the following firms:

- Kiewit Infrastructure Co.
- MWH Constructors

SOQs were reviewed and evaluated by a team of Engineering and Operations staff. Following the review of the SOQs, the evaluation committee sent a Request for Proposals to both firms. Following receipt of the Proposals in August 2016, the evaluation committee conducted interviews and entered fee negotiations with both firms. Fee and rate negotiations proceeded for over two months, after which the evaluation committee determined that

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Kiewit offered the most benefit and best cost structure to the Project. On October 12, 2016, the Design Services Agreement was presented to and approved by the Board.

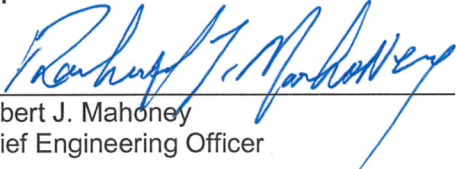
**S/MWBE Information:**

The NTP Team recommends the Board approval of a cumulative 8% Construction S/MWBE participation goal. This equates to approximately \$31.5M of MWBE participation on the estimated cost of construction, and is based upon an analysis conducted by the NTP Team of likely areas for meaningful MWBE participation within each individual WP.

**Recommendation:**

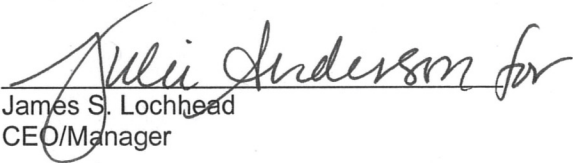
It is recommended that the Board approve this proposed Construction Services Agreement for the NTP Project. Future WP GMPs, as well as regular monthly Project updates, will be presented to the Board as construction progresses.

**Approvals:**

  
\_\_\_\_\_  
Robert J. Mahoney  
Chief Engineering Officer

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

Respectfully submitted,

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

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



# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: September 26, 2018

Board Item: V-A-1

## Briefing Paper On Donated Paid Time Off Program

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### Strategic Plan Alignment

Lenses:  Customer Centric  Industry Leader  Long-Term View

### Summary

The purpose of this briefing paper is to provide the Board with information and a recommendation concerning the donated PTO leave program.

### Background

Denver Water Personnel Policies for many years included a program allowing employees to donate sick leave to a fellow employee experiencing to a medical emergency, defined as a medical condition of the employee or a family member that requires the prolonged or recurring absence of the employee beyond the employee's accrued leave balance. When Denver Water converted to PTO in 2017, the donated leave program was continued.

The number of hours of donated PTO is valued at the hourly pay rate of the donor. The value of the donated leave is then divided by the recipient's hourly pay rate, and the resulting number of hours is credited to the recipient's leave bank in the timekeeping system. The recipient of the donated PTO leave is taxed on the value of the leave at the time the donated PTO leave is donated.

A review by Denver Water's outside legal counsel determined that the current application of the PTO donation program is out of compliance with IRS requirements. Contrary to Denver Water's practice, the recipient should be taxed at the time the leave is taken, rather than at the time of donation, and the leave should be donated to a PTO donation "bank," rather than to an individual employee. Using a leave bank requires employees who desire to receive donated PTO to submit a written application describing the medical emergency or condition. Someone in Denver Water's leadership must make a decision about the application, based on criteria mandated by the IRS.

### Budget

The cost of this program is the donor's and recipient's PTO accrual.

### Recommendation

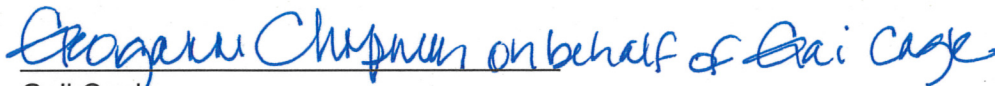
Following the IRS requirements would fundamentally change the longstanding leave donation program by eliminating the ability of employees to donate to a specific fellow employee. Since the conversion to PTO, the program has been used sparingly. Since January 1, 2017, employees have donated 166 PTO hours converted to 249 PTO hours for recipients. Less than 1% of employees have used this program. In addition, Denver Water has adopted new programs to assist employees dealing with emergencies. Denver Water now pays the cost of short-term disability for all employees, and has established an Employee Emergency Assistance Fund with contributions from the Board and from employees. Based on these factors, Staff recommends that the donated leave

program be ended. If the Board agrees, a change to the Personnel Policies will be brought to the Board for approval.

**Owner(s)** Gail Cagle, Human Resources

**Attachments**

Respectfully submitted,

Handwritten signature in blue ink that reads "Gail Cagle on behalf of Gail Cagle".

Gail Cagle  
Chief Human Resources Officer