

**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, November 14, 2018

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, November 14, 2018, 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
Gary Reiff, Vice President

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

J. Lochhead, CEO/Manager	A. Joseph, Attorney
J. Anderson, Chief of Staff	J. Lorton, Accounting Manager
D. Bennett, Acting Chief External Affairs Officer	C. Mbakogu, Division Sr. Analyst
A. Bricmont, Chief Financial Officer	P. McCormick, Project Engineer
G. Cagle, Chief Human Resources Officer	A. Menefee, Community Relations Sr. Specialist
C. Dermody, Chief Information Officer	J. Mitchell, Sr. Finance Analyst
B. Good, Chief Administrative Services Officer	G. Norris, Director HR – Organizational Development
R. Mahoney, Chief Engineering Officer	K. Riegle, Attorney
T. Roode, Chief Operations and Maintenance Officer	V. Roberts, Director Business Technology
G. Rosenschein, Acting General	J. Seagren, Distribution Relations Manager

Counsel
J. Allen, Planner
R. Angle, Finance Sr. Analyst
K. Bates, Attorney
L. Callihan, Engineer Associate
S. Chesney, Director Public Affairs
A. Chotiner, Business Operations
Manager
P. Coleman, Chief Internal Auditor
M. Craig, Training Coordinator
F. Davis, Rates Manager
R. Davis, Finance Analyst
P. Freeman, Finance Sr. Analyst
C. Funk, Attorney
M. Garcia, Engineer Sr.

U. Sharma, Treasurer
J. Shaw, Community Relations Sr.
Specialist
R. Stitt, Planner Lead
A. Turney, Director Engineering -
Property
J. Walter, Finance Analyst
R. Wirth, Finance Supervisor
J. Wittler, Attorney
J. Becker-Wold, Callan
A. Fiegel, Ellwood
M. Hogan, Sherman & Howard
C. Lane, Platte Canyon Water and
Sanitation District
L. Suer, Jacobs

INTRODUCTORY BUSINESS

Commissioner Herzmark called the meeting to order at 9:12 a.m. Upon motion regularly made, seconded and unanimously carried, Commissioner Jones 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.

Introductions, Awards, and Ceremonies

Ms. Cagle introduced and welcomed Denver Water's new Director of Learning and Organizational Development, George Norris.

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: WEST SLOPE CHANGE AGREEMENT – RIVERBEND EAST PIT – CONTRACT 5034642

Approved Contract 503642 with the Colorado River Water Conservation District for the payment of monies under and in accordance with the Colorado River Cooperative Agreement for a total contract amount not to exceed \$2,505.86.

2. ITEM II-A-2: SECOND AMENDMENT TO AGREEMENT FOR TEMPORARY LEASE OF NON-POTABLE WATER – CONTRACT 501605/17015A

Approved the Second Amendment to Contract 501605/17015A with the City and County of Denver for temporary lease of non-potable water to replace the lagged out-of-priority depletions associated with the dewatering activities for the Globeville Landing Outfall Project, extending the contract period through December 31, 2021.

3. ITEM II-A-3: NON-POTABLE WATER LEASE AGREEMENT OVERLAND GOLF COURSE – CONTRACT 503501

Approved Contract 503501 with the City and County of Denver for temporary lease of non-potable water for the contract period of January 1, 2019 through December 31, 2034.

4. ITEM II-A-4: INTERGOVERNMENTAL AGREEMENT WITH CITY OF WHEAT RIDGE FIRST AMENDMENT TO CONTRACT 503728

Approved the First Amendment to Contract 503728 with the City of Wheat Ridge for street improvements in support of the Ashland Reservoir Tank Replacements Project. The Amendment adds \$800,000.

5. ITEM II-B-2: ADOPTION OF 2019 RATE SCHEDULE

Approved the 2019 Rate Schedule, a copy of which is attached to and incorporated in these Minutes as Exhibit A. The new Rate Schedule will be effective February 1, 2019.

EXECUTIVE UPDATE

6. ITEM IV-A: CEO REPORT

Mr. Lochhead reported on the status of negotiations between East- and West-Slope entities regarding development of a Demand Management program to reduce depletions from the Colorado River. On Monday, the Colorado Water Conservation Board (CWCB) issued a draft policy statement incorporating the substance and principles from the negotiations. Mr. Lochhead will send a letter to the CWCB on behalf of both the Front Range Water Council and Denver Water in support of, and urging adoption of, the draft policy.

POLICY MATTERS

7. ITEM III-A: DEBT DISCLOSURE POLICY

The Board received a copy of Denver Water's Debt Disclosure Policy, a copy of which is attached to and incorporated in these Minutes as Exhibit B. Mr. Hogan explained that a primary disclosure is required when an organization issues debt, and continuing disclosures are required to provide periodic information about outstanding securities until they are retired. He reported that Denver Water has always been extremely careful and vigilant about its disclosures and commended Denver Water for its proactive efforts to memorialize the procedures taken to ensure that all disclosed information is accurate.

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 item:

8. ITEM II-B-1: RESOLUTION AUTHORIZING ACQUISITION OF INUNDATION AND ROADWAY PROPERTY VIA EMINENT DOMAIN FOR THE GROSS RESERVOIR EXPANSION PROJECT

Commissioner Austin recused himself from deliberations on this matter.

Adopted a Resolution authorizing the initiation of eminent domain legal

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proceedings for the acquisition of approximately 15 acres of inundation and roadway land necessary for the Gross Reservoir Expansion Project. A copy of the Resolution is attached to and incorporated in these Minutes as Exhibit C.

POLICY MATTERS

9. ITEM III-B: NTP UPDATE

Mr. McCormick shared a Northwater Treatment Plant Update, a copy of which is attached to and incorporated in these Minutes as Exhibit D. The purpose of the update was to provide information in response to questions from the October 26, 2018 Board meeting. He explained that staff has researched the bond and insurance markets and found that the project's 1.12% bond and insurance rate is very competitive. He reported that to achieve the project's overall MWBE participation goal of 8%, it may be necessary to accept bids that are 15-30% above the low-bid proposals. This "premium" may be smaller for less complex work and higher for more complex work. In the current GMP being negotiated for site work, the premium will likely be between 0-5% (which translates to \$0 to \$1.2 million) of the Work Package's \$47 million budget.

Commissioners Austin and Reiff acknowledged the public benefit of increased MWBE participation, cautioning that the percentage of premium should also be evaluated considering the cost to Denver Water's ratepayers. Mr. Mahoney responded that the Board will have the opportunity to discuss these matters when staff brings each Work Package for approval. The goal is to obtain the best and most meaningful MWBE participation without increasing the project's cost.

Mr. McCormick also discussed the benefits and consequences of locking in unit pricing, equipment costs, specifications and sizing early in the project. The benefits include: price certainty; ability to develop and design equipment that requires a long lead-time; and certainty of operations and quality. The goal is to find the right balance in early procurement timing and materials pricing, and to lock-in pricing on items when escalation outweighs design risk.

10. ITEM III-C: 3RD QUARTER PERFORMANCE REPORT

The Board received the 3rd Quarter 2018 Performance Report, a copy of which is

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attached to and incorporated in these Minutes as Exhibit E. Mr. Mahoney and Mr. Good explained that the Northwater Treatment Plant and Sustainability Program work fell short of the 3rd Quarter milestones due to timing of contracts and staff capacity. Ms. Anderson explained that the organization is on track with its customer satisfaction, operating budget performance, leadership engagement, content impressions and MWBE participation goals, but did not meet its operating cost per account, capital budget performance or Net Promoter Scorecard goals. The operating cost per account was higher than expected due to timing of payments pursuant to the Colorado River Cooperative Agreement; capital costs were higher than expected due to the timing of payments; and the Net Promoter Scorecard resulting from the September employee survey has not yet been calculated.

Mr. Mitchell reported that revenues continue to be higher than budgeted, due to increased water sales and increased System Development Charge income. Personnel costs are lower than budgeted due to higher vacancy rates and capital costs are higher due to the timing of payments.

EXECUTIVE UPDATE

11.ITEM IV-C: OPERATIONS REPORT

Mr. Good provided information about the solar panel array for the OCR project regarding any warranty for hail damage and the net present value cost of the system. He said that the vendor tests the panels with 35 mm ice balls, and that if damage is incurred it would also likely be covered by Denver Water's property or equipment insurance policies. The difference between the net present value cost for direct purchase vs. leasing is \$114,000 (favoring direct purchase). Additionally, staff was able to submit under the deadline to Xcel Energy's 2018 Solar Rewards program. We anticipate receiving an additional \$160,000 over the 20-year program as a result.

BRIEFING PAPERS & REPORTS

12.ITEM V-A-1: DEBT DISCLOSURE

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

ADJOURNMENT

No further business appearing, the Board voted unanimously to adjourn into a Trustee Meeting at 10:13 a.m.

Trustee Meeting

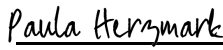
The Board of Water Commissioners, serving in their capacity as Trustees of the Employees' Retirement Plan Trust Fund and as Sponsor of the Supplemental Retirement Savings Plan of the Board of Water Commissioners of the City and County of Denver, met on Wednesday, November 14, 2018, commencing at 10:17 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 10:40 a.m.

DocuSigned by:



Secretary

DocuSigned by:



President