

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, December 13, 2017

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, December 13, 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
Gary M. Reiff, Vice President
Craig Jones, Vice President

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

J.A. Anderson, Chief of Staff	J. Kearns, Contract Specialist
A.C. Bricmont, Chief Financial Officer	J. Lorton, Accounting Manager
G. Cagle, Chief Human Resources Officer	I. Oliver, Director SOS
C.R. Dermody, Chief Information Officer	C. Piper, Government Relations Manager
B.D. Good, Chief Administrative Services Officer	K. Riegle, Attorney
M. King, Chief External Affairs Officer	J. Ross, Engineer Sr.
J.S. Lochhead, CEO/Manager	J. Seagren, Distribution Relations Manager
R.J. Mahoney, Chief Engineering Officer	U. Sharma, Treasurer
T.J. Roode, Chief Operations and Maintenance Officer	S. Snyder, Communication Sr. Specialist
P.L. Wells, General Counsel	H. Stauffer, Community Relations Specialist
A. Antolovich, Engineering Manager	L. Billeter, Community Relations Sr. Specialist
K. Bates, Attorney	T. Bray, Environmental Scientist Supervisor
G. Begly, Real Estate Specialist	A. Chavez, Contract Specialist
A. Joseph, Attorney	P. Coleman, Chief Internal Auditor
	A. Crouch, Engineer Sr.
	P. Daukas, Planning Manager
	M. Elliott, Director Stakeholder Relations

M. Faulkner, Director HR
C. Fikan, Finance Tech
V. Gaiter, Sales Supervisor
M. Gutierrez, Construction Project Sr. Manager
P. Cipri, Berkley Water & Sanitation District
L. Ferguson, Mortenson
P. Fitzgerald, Platte Canyon Water & Sanitation District
F. Garcia, Stantec
G. Glunz, AECOM
C. Harris, Stantec
M. King, Berkley Water & Sanitation District
D. Koontz, Mortenson

C. Lane, Platte Canyon Water & Sanitation District
W. Mosher, Trammel Crow
P. Roberts,
G. Rudden, Berkley Water & Sanitation District
M. Sullivan, Trammel Crow
S. Whitehair, Berkley Water & Sanitation District

INTRODUCTORY BUSINESS

Commissioner Herzmark called the meeting to order at 9:17 a.m.

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 III-A: OCR UPDATE

Taken out of order, Mr. Ferguson presented the Board with an OCR Update, a copy of which is attached to and incorporated in these Minutes as Exhibit A. He noted that Mortenson has completed more than 85% of the items on the punch list for Phase One construction, Work Package Four is more than 90% complete, the Conduit 18 relocation is 95% complete, construction documents for the renovation of the Three Stone building has been submitted for building permit, Work Package Six has been submitted for signatures, and MWBE participation continues to trend above the 18% goal. Since the previous Board update,

Owner Contingency has decreased by \$165,000, due to continued soil remediation on site.

2. ITEM II-A-1: WATER SENSE AND LOW INCOME RETROFIT PROGRAM – CONTRACT 17010A

Approved Contract 17010A (503077) with Ecosystems to install ultra-high efficiency plumbing fixtures for low-income, non-profit, multi-family, and community association programs for the contract period of January 1, 2018 through December 31, 2020, for a total contract amount not to exceed \$1,100,000.

3. ITEM II-A-2: HEAVY EQUIPMENT RENTAL – CONTRACT 503056

Approved Contracts 503056, 503058, 503059, 503060, 503061, 503062, and 503063 with Contractors Equipment Center, Power Equipment Company, Power Motive Corp., Power Screening, LLC, Wagner Equipment Co., and World Wide Rental, respectively, for heavy equipment rental for the contract period of February 1, 2018 through January 31, 2021, for a total contract amount not to exceed \$1,000,000.

4. ITEM II-B-1: APPROVAL OF TOTAL SERVICE IMPROVEMENT CONTRACT WITH BERKLEY WATER AND SANITATION DISTRICT – CONTRACT 503080

Ms. Wells explained that ITEMS II-B-1 through II-B-3 involve suburban distributors, through which Denver Water provides water and acts as the water departments for these districts through perpetual contracts. Denver Water has a public utility obligation to serve water to all customers in the service area, and to operate as an integrated system. Service outside of Denver Water's service area is delineated through fixed amount contracts.

Ms. Seagren explained that there are three types of agreements by which Denver Water provides water: Master Meter, Read and Bill, and Total Service. The Berkley Water and Sanitation District has operated under a Read and Bill contract, with approximately 1,300 taps. The District approached Denver Water in 2016, asking Denver Water to evaluate the system and consider taking it over via a Total Service contract. After evaluation, and some remedial measures, Denver Water has agreed to take over the District. Ms. Seagren thanked Ms. Wells, Mr. Gaiter, Mr. Crouch, Ms. Riegle, Ms. Begley, and Ms. Joseph for their help. She introduced Ms. Whitehair, Ms. Rudden, Mr. King, Mr. Cipri, and Mr. Roberts, from the District's Board.

After discussion, the Board unanimously approved Contract 503080 with Berkley Water and Sanitation District. A copy of the presentation is attached to and incorporated in these Minutes as Exhibit B.

5. ITEM II-B-2: AGREEMENT WITH BEAR CREEK WATER AND SANITATION DISTRICT FOR COLLECTION OF DISTRICT SURCHARGE – CONTRACT 503110

Ms. Seagren explained that the Bear Creek Water and Sanitation District has operated via a Read and Bill contract, with approximately 3,000 taps. As a Read and Bill water provider, the District receives income through mill levies and through surcharges, which Denver Water collects on the bills and distributes to the District. The Board approved Contract 503110 with Bear Creek Water and Sanitation District for Collection of a \$6.00 surcharge on each bill.

6. ITEM II-B-3: TERMINATION OF TOTAL SERVICE CONTRACT NO. 46 WITH ARAPAHOE ESTATES WATER DISTRICT AND TRANSFER OF WATER SERVICE TO TOTAL SERVICE CONTRACT NO. 1 WITH SOUTH- EAST ENGLEWOOD WATER DISTRICT

Ms. Seagren explained that the Arapahoe Estates Water District has operated via a Total Service contract, and approached Denver Water with the request to dissolve the District and receive water service from the South-East Englewood Water District, which provides water through its own Total Service contract. Ms. Wells said that this agreement involves two contingent dates: 1) a court date of December 19, 2017 at which it is expected that the court will approve Arapahoe Estate's Petition and Plan for Dissolution of the Water District; and 2) South-East Englewood Water District's December 27, 2017 Board meeting, at which it is expected that the District will vote to provide water to the Arapahoe Estates properties.

After discussion, the Board approved termination of Contract No. 46 with Arapahoe Estates Water District and authorized execution of the Second Amendment to Contract No. 1 with South-East Englewood Water District to reflect the addition of the property currently being serviced under Contract No. 46, contingent upon the foregoing two events having occurred.

In response to a question from Commissioner Austin, Mr. Lochhead and Ms. Anderson explained that although Denver Water does not have a policy of contracting with smaller water districts to provide Total Service, because the water system is an integrated system, it would be wise to engage in such contracts as situations permit.

7. ITEM II-B-4: AMENDMENT NO. 1 WITH BLACK AND VEATCH CORPORATION FOR GROSS RESERVOIR EXPANSION PROJECT OWNER'S REPRESENTATIVE SERVICES – CONTRACT 17075

The Board received a presentation on the Gross Reservoir Project, as well as ITEMS II-B-4, II-B-5 and V-A-2, a copy of which is attached to and incorporated in these Minutes as Exhibit C. Mr. Martin explained that Black and Veatch was engaged as the Owner's Representative for the project, and provides specialized expertise in project management, project control, and public communication. Additionally, Black and Veatch team members bring expertise in analytical structure analysis and roller compacted concrete construction.

Together, Denver Water and Black and Veatch have reached major milestones in public outreach, having established the public information yurt, holding stakeholder meetings and being available on a weekly basis at the coffee shop in Coal Creek Canyon. The team will begin the design engineering process in 2018, as well as embark upon a nutrient study on the Fraser River.

Mr. Martin explained that the project's comprehensive, schedule-based budget is summarized in ITEM V-A-2.

The Board approved the First Amendment to Contract 17075A with Black and Veatch Corp. for the GRE OR Phase 2-Final Design Services Support. The Amendment extends the contract period through December 31, 2020 and adds \$6,999,834, for a total amended contract amount not to exceed \$8,174,759.

8. ITEM II-B-5: GROSS RESERVOIR EXPANSION PROJECT DESIGN ENGINEER – CONTRACT 503074

Approved Contract 503074 with Stantec/AECOM for the GRE Design Engineer work, for the contract period of January 1, 2018 through December 31, 2020, for a total contract amount not to exceed \$13,000,000.

Mr. Martin introduced Messrs. Garcia, Harris, and Glunz, from Stantec and AECOM, respectively. He explained that the contract contains escalation, and provides for six percent MWBE participation through driller, bridge design and support services. Escalation in the contract is primarily due to projected increases in labor costs, design clarification, and unknown risk occurrences. One example of this is the decision to reduce transportation risk to workers by providing bus service for commuting to and from the worksite. Mr. Martin explained that the project provides for 77,000 acre feet of storage, at a relatively low cost of approximately \$5,500 per acre foot.

9. ITEM II-B-6: ADOPTION OF 2018 BUDGET

Approved the proposed 2018 Budget, which incorporates the 2018 Pay Structure changes that were detailed in the appendix of the 2018 Proposed Budget Book. A copy of the 2018 Pay Structure is attached to and incorporated in these Minutes as Exhibit D. A copy of the 2018 Budget presentation is attached to and incorporated in these Minutes as Exhibit E.

Ms. Abram explained that the Board Item is a summary level of the 2018 Budget that was detailed in the Board's Budget workshop, with \$404.9 million budgeted for revenue, \$246.6 million operating costs, \$196.5 million capital costs and 1088.4 FTE's.

10. ITEM II-B-7: SUPPLIER DIVERSITY EXTERNAL ADVISORY COMMITTEE

Approved the appointment of three new members to the Supplier Diversity External Advisory Committee: 1) Rosie McDonough, State of Colorado, Office of Economic Development, Minority Business Office; 2) Karen Comba, KC Restoration; and 3) Chris Martinez, Hispanic Contractors of Colorado.

POLICY MATTERS**11. ITEM III-A-2: NATIONAL WESTERN UPDATE**

Ms. Antolovich provided the Board with a Denver Water Lab & National Western update, a copy of which is attached to and incorporated in these Minutes as Exhibit F. She explained that because the Water Quality Lab at the Marston Treatment Plant is reaching the end of its useful life, Denver Water has explored whether to rebuild at the site, or relocate to the National Western Center, where the City and County of Denver, Colorado State University (CSU), the Stock Show Association and Denver Water have been discussing Denver Water's possible presence at the site. Denver Water will be involved as the water service provider, and has the opportunity to participate with CSU in the development of a water resource center and the opportunity to participate in programs that support Denver Water's four priorities for the new Lab: 1) development of water policy; 2) research; 3) innovation; and 4) education. These opportunities allow for increased collaboration with the City, local community engagement, and a creative culture. Ms. Antolovich explained that rebuilding the Lab at Marston would not require land-acquisition costs, as would be required for relocation, but that relocation could allow Denver Water to enjoy cost-savings through economies of scale during construction of the National Western site. After discussion of site design options, it was noted that a site design offering Denver Water the ability to operate independently would be preferred.

The Board authorized staff to engage in a due diligence analysis in the first quarter of 2018, including formalizing partnership expectations with CSU, creating a joint decision roadmap, and evaluating business cases for the Lab.

EXECUTIVE UPDATE

12. ITEM IV-A: CEO REPORT

Mr. Lochhead reported that he was appointed to the Denver Botanic Gardens Board, noting that the organization's breadth of programs offer a number of partnership opportunities for Denver Water.

He also reported that he attended a meeting in Las Vegas of the Upper Basin States, and will report to the Board in a future Executive Session.

13. ITEM IV-B: CFO REPORT

Ms. Abram reported that staff continues to reforecast for the end of 2017 and expects that actual expenditures will finalize at three percent below budgeted amounts.

BRIEFING PAPERS & REPORTS

14. ITEM V-A-1: LEGISLATIVE BRIEFING PAPER

The Board received a Legislative Briefing Update, a copy of which is attached to and incorporated in these Minutes as Exhibit G. Mr. Piper reported that legislation to expand the use of recycled water is currently in the stakeholder process.

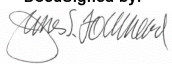
15. ITEM V-A-2: GROSS RESERVOIR EXPANSION PROJECT 2018 BUDGET UPDATE

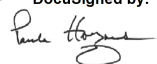
The Board received a Briefing Paper for the Gross Reservoir Expansion 2018 Budget, a copy of which is attached to and incorporated in these Minutes as Exhibit H.

Mr. Lochhead announced with regret that Ms. Elliott will be leaving Denver Water to pursue an opportunity in the private sector. He expressed this as a tremendous loss, noting that Ms. Elliot was instrumental in affording Denver Water a national profile with regard to lead service lines, Gross Reservoir's expansion, and numerous other projects. Commissioner Herzmark thanked Ms. Elliott for her service.

ADJOURNMENT

No further business appearing, the Board adjourned the Regular Meeting and at 10:55 a.m.

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Secretary

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President