

**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, February 28 2018

Executive Session

On Wednesday, February 28, 2018, commencing approximately at 8:30 a.m. in the CEO/Manager's Office, 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. Attorney-Client Matters § 24-6-402(4)(b)

There being nothing further for the Board to consider, the Board voted unanimously to adjourn into an Open Session at 9:07 a.m.

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, February 14, 2018, beginning at 9:20 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

F. Davis, Rates Manager

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

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



A.C. Bricmont, Chief Financial Officer	K. Knoll, Public Affairs Manager
G. Cagle, Chief Human Resources Officer	J. Lorton, Accounting Manager
C.R. Dermody, Chief Information Officer	J. Martin, Project Engineer
B.D. Good, Chief Administrative Services Officer	K. Oligney, Director IT Infrastructure
M. King, Chief External Affairs Officer	R. Pence, Engineer
J.S. Lochhead, CEO/Manager	C. Piper, Government Relations Manager
R. Mahoney, Chief Engineering Officer	M. Price, Director Support Operations
T.J. Roode, Chief Operations and Maintenance Officer	S. Price, Engineering Manager
P.L. Wells, General Counsel	A. Rettig, Finance Supervisor
S. Abram, Budget Manager	K. Riegler, Attorney
A. Antolovich, Engineering Manager	V. Roberts, Director Business Technology
M. Aragon, Director Customer Relations	G. Rosenschein, Attorney
D. Arnold, Attorney	J. Ross, Engineer Sr.
K. Bates, Attorney	J. Seagren, Distribution Relations Manager
J. Bogner, Finance Analyst	U. Sharma, Treasurer
C. Burri, Environmental Lead Scientist	J. Shaw, Community Relations Sr. Specialist
S. Chesney, Public Affairs Manager	A. Sibree, Attorney
A. Chotiner, Business Operations Manager	G. Simon, Law Clerk
P. Coleman, Chief Internal Auditor	J. Spitze, IT Program Manager
M. Cripps, Fleet Shop Supervisor	J. Tolmich, Fleet & Support Manager
U. Daly, Finance Analyst	A. Woodrow, Community Relations Specialist
C. Funk, Attorney	J. Adams, Trammell Crow
D. Hamm, Division Analyst	L. Ferguson, Trammell Crow
A. Ingram, Contract Supervisor	A. Fiegel, Ellwood
A. Joseph, Attorney	D. Kuntz, Mortenson
	C. Lane, Platte Canyon Water & Sanitation District

INTRODUCTORY BUSINESS

Commissioner Herzmark called the meeting to order at 9:18 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.

Ceremonies, Awards, Introductions

Mr. Lochhead announced that Patricia Wells, will be retiring in August, 2018 after 26 years of service as General Counsel. She will continue to work full time until June, 2018, when she will assist with the transition and on-boarding of the new General Counsel. He thanked her and remarked she will continue to work passionately, aggressively, and wisely for the next several months.

Ms. Wells reflected that she has enjoyed the rare privilege of being in the same position for 26 years, and being able to work with the entire organization, including fabulous Board members, two CEO/Managers and a coterie of fabulous attorneys who have accomplished great things. She said that it has been a special privilege and responsibility having an organization that provides a product that is essential to life, because it is the apex of public service.

Commissioner Herzmark thanked Ms. Wells for her years of service, stating that her contributions to the organization and the many gifts she's shared are very deserving of farewell celebrations.

Legislative Update

Mr. Piper informed the Board that the House is undertaking a second reading of House Bill 1093, regarding the use of reclaimed water for irrigating edible crops. He also reported on Senate Bill 167, stating that it would change the current two-tier system in place for utility locates. The Bill, if passed, would move Denver Water to tier one, causing Denver Water to incur costs between \$200,000-\$250,000 per year, and would create a safety commission to oversee the administration of claims of damages caused by locates. Denver Water, as well as many other utility providers, opposes this bill and is putting pressure on committee members, who appear open to discussion on this topic.

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-B-1: 2018 PURCHASE OF FLEET VEHICLES AND EQUIPMENT

Approved the execution of a plan for, and funds for, the procurement of new fleet vehicles and equipment between February 14, 2018 and December 31, 2018, for a total amount not to exceed \$5,483,451.

Mr. Roode introduced Mr. Cripps and Mr. Tolmich and Ms. Price, Fleet leadership, and explained that the plan is the culmination of efforts begun in 2014 that were designed to reduce operating costs by 25%.

**2. ITEM II-B-2: FLEET SERVICES VEHICLE LEASING AGREEMENT
CONTRACT NO. 503066**

Approved Contract 503066 with Merchants Fleet Management for vehicle leasing for the contract period of March 1, 2018 through June 30, 2021, for a total contract amount not to exceed \$1,500,000.

Mr. Roode explained that the Fleet team will explore the option of leasing over-the-road vehicles that are used in day-to-day business, in conjunction with the purchases made and noted in ITEM II-B-1, to determine whether it is a viable option.

The Commissioners commended the team for a job well done in exploring methods for reducing operating costs and improving efficiency.

**3. ITEM II-B-3: PRELIMINARY COMMITMENT FOR WATER QUALITY
LAB SITING AT THE NATIONAL WESTERN WATER RESOURCES CENTER**

The Board received a copy of a memorandum from Colorado State University (CSU), to Mr. Lochhead, which provides proposed land lease terms for a Water Resources Center at the National Western Center, a copy of which is attached to and incorporated in these Minutes as Exhibit A. The Board concurred with the contents of the memorandum and authorized Mr. Lochhead to so communicate with CSU.

**4. ITEM II-B-4: COLORADO RIVERS SYSTEM CONSERVATION PILOT
PROGRAM NOTIFICATION OF ADDITIONAL FUNDS CONTRACT NO.
500977/15580A**

Approved the expenditure of the 2018 approved funds of \$2,060,000, as well as the expenditure of \$1,056,000 in grant funds received from third-party contributors, for system conservation pilot projects.

Mr. Arnold explained that since 2014, Denver Water, the Southern Nevada Water Authority, the Central Arizona Water Conservation District, the Metropolitan Water District of Southern California, and the Bureau of Reclamation have participated in pilot projects designed to reduce the agricultural use of water in the Upper and Lower Basin states and hopefully lead to increased water levels in Lakes Meade and Powell. This voluntary program

has drawn growing interest from philanthropic foundations, including the Walton Family Foundation and the Windward Foundation, who have made grants to be used solely for system conservation projects. Mr. Lochhead noted that part of Denver Water's strategy has been to develop a method by which the Upper Basin states can manage their water plans to comply with the Colorado River Compact, and that the pilot project has been more successful than anticipated. He anticipates increased demand in both the agricultural and non-governmental-organization communities, as water levels in Lakes Meade and Powell continue to be reduced in these dry years. There are many legal issues, as well as water accounting issues associated with the projects, and the parties will push each year toward advancing our knowledge base. In addition to the pilot projects, Mr. Lochhead remarked that Denver Water will continue to strive to develop methods by which Colorado can comply with its obligations under the Compact, including potential legislative efforts.

POLICY MATTERS

5. ITEM III-A: OCR UPDATE

The Board received an OCR Update, a copy of which is attached and incorporated in these Minutes as Exhibit B. Ms. Adams noted a few highlights, including that Phase One has nearly completed, with only ten items remaining on the punch-list, installation of utilities and cast-in-place walls for the parking garage and administration building are underway, and that interior finishes for the Water Distribution Building and permitting for the renovation of the Three Stone Buildings are underway.

The project is currently within budget, and construction has exceeded the 18% MWBE goal by \$3.1 million.

6. ITEM III-B: 2017 YEAR-END PERFORMANCE REPORT

The Board received a Quarterly Performance Report – Year–End 2017, a copy of which is attached to and incorporated in these Minutes as Exhibit C. Ms. Anderson noted that Denver Water exceeded its goal to reduce injuries and that the Operations Budget ended within .2% of its target. In response to inquiry from Commissioner Reiff, staff explained that Denver Water ended the year \$17 million under the Capital Plan Budget due to changes in timing for certain projects, and that they will continue to monitor similar situations to know whether a trend is developing.

Ms. Bricmont reported that the Second Increment of the ORCA project was completed. Mr. King noted that the IRP process is underway, with a Board workshop on this topic scheduled for March 9, 2018. Mr. Dermody reported that the Business Technology Strategy (formerly the IT Master Plan) now contains a five-year roadmap and a more detailed 2018 roadmap, with comprehensive balanced scorecard metrics. Mr. Good reported that staff is 25% of the way through the items noted on the security report and hope to complete them and retest later in 2018. He also noted that Denver Water met its goals for SBE/MWBE participation in construction and construction-related work, as well as 5% SBE and MWBE participation in goods and services. Ms. Bricmont noted that there will be a large draw-down of cash in 2018 as Denver Water spends is OCR bond proceeds.

Commissioner Herzmark remarked that the effort that has gone into developing this level of reporting was extraordinary and congratulated all for their accomplishments.

BRIEFING PAPERS & REPORTS

7. ITEM V-A-1: LEGISLATIVE UPDATE

The Board received a Briefing Paper for the Legislative Update, a copy of which is attached to and incorporated in these Minutes as Exhibit D.

8. ITEM V-A-2: 2018 LEAD REDUCTION PROGRAM UPDATE

The Board received a Briefing Paper for the 2018 Lead Reduction Program Update, a copy of which is attached to and incorporated in these Minutes as Exhibit E. In response to inquiry from Commissioner Austin, Mr. Price noted that there were only five lead service lines encountered during the work on Brighton Boulevard, which resulted in costs significantly lower than those budgeted. In response to inquiry from Commissioner Lucero, Mr. Price said that the lead service line replacement program administered by DURA has about 30-35 participants, and that the Board will receive a full update on the program in April.

9. ITEM V-A-3: PROJECT COMPLETION BRIEFING PAPER FOR FLEET AUDIT AND VALUE STREAM

The Board received a Briefing Paper for the Fleet Audit and Value Stream, a copy of which is attached to and incorporated in these Minutes as Exhibit F.

**10. ITEM V-A-4: REVIEW OF PROPERTY BURDENS AND DISPOSALS –
4TH QUARTER 2017**

The Board received a Review of Property Burdens and Disposals for the Fourth Quarter of 2017, a copy of which is attached to and incorporated in these Minutes as Exhibit G.

ADJOURNMENT

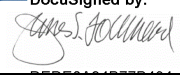
No further business appearing, the Board voted unanimously to adjourn into a Reconvened Executive Session at approximately 10:25 a.m.

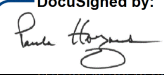
Reconvened Executive Session

On Wednesday, February 28, 2018, commencing approximately at 10:30 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners reconvened the Executive Session. The following matters, which are authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34, were discussed during the Reconvened Executive Session:

1. Attorney-Client Matters § 24-6-402(4)(b)

There being nothing further for the Board to consider, the Reconvened Executive Session concluded at approximately 11:30 a.m.

DocuSigned by:

DEDE0A34B77B484...
Secretary

DocuSigned by:

2D1J3Z79B894843F...
President