

**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, April 25, 2018

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, April 25, 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
Craig Jones, Vice President

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

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| J.A. Anderson, Chief of Staff | K. Long, IT Manager |
| A.C. Bricmont, Chief Financial Officer | C. Piper, Government Relations Manager |
| G. Cagle, Chief Human Resources Officer | R. Price, Learning & Organizational Development Specialist |
| C.R. Dermody, Chief Information Officer | J. Ross, Engineer Sr. |
| B.D. Good, Chief Administrative Services Officer | J. Seagren, Distribution Relations Manager |
| M. King, Chief External Affairs Officer | U. Sharma, Treasurer |
| J.S. Lochhead, CEO/Manager | S. Snyder, Communication Sr. Specialist |
| R.J. Mahoney, Chief Engineering Officer | J. Taussig, Director of Emergency Management, Safety & Security |
| T.J. Roode, Chief Operations and Maintenance Officer | A. Turney, Director Engineering Property |
| P.L. Wells, General Counsel | D. Winter, Director Organizational Improvement |
| S. Abram, Budget Manager | R. Wirth, Finance Supervisor |
| A. Andrews, Finance Sr. Analyst | J. Adams, Trammel Crow |
| A. Antolovich, | |

M. Aragon, Engineering Manager
 J. Barksdale, Learning & Organizational
 Development Specialist
 L. Basaldua,
 K. Bates, Attorney
 D. Bennett, Director Water Resource
 Strategy
 S. Chesney, Director Stakeholder Relations
 P. Coleman, Chief Internal Auditor
 U. Daly, Finance Analyst
 R. Davis, Finance Analyst
 A. Hernandez, Learning & Organizational
 Development Coordinator

L. Ferguson, Trammel Crow
 K. Graham, Gallagher
 B. Huddleston, Splintered Forest
 D. Kuntz, Mortenson
 J. Macdonald
 H. MacKinnon
 W. Mosher, Trammel Crow
 K. Occhipinti
 K. Trenchard
 K. Tayrien

INTRODUCTORY BUSINESS

Commissioner Herzmark called the meeting to order at 9:15 a.m. Upon motion regularly made, seconded and unanimously carried, Commissioners Austin and Reiff were found to be absent for substantial cause and were excused.

Public Comment and Communications

Commissioner Herzmark issued an invitation to members of the public for comment to the Board on any matters not included in the Agenda for the meeting.

Ms. MacKinnon, Ms. Trenchard, Ms. Tayrien, Mr. Macdonald, Ms. Occhipinti each made comment on the topic of prairie dogs located on Denver Water property abutting their neighborhood, the Wickford development. They thanked Denver Water for working with them during the last year to find a solution to this issue, and stated that their home-owners' association has voted to eradicate the prairie dogs. They appealed to Denver Water to install, or help fund the installation of a wildlife fence to help prevent the prairie dogs from crossing onto private property.

Mr. King stated that Denver Water appreciates how each of the speakers takes their responsibility and community very seriously, and that it is in discussion with Rocky Flats to possibly relocate the prairie dogs once Rocky Flats obtains approval for its wildlife plan in June. If relocation to Rocky Flats is not possible, then staff will have discuss the matter further with the home-owners' association, and Denver Water will explore every option before extermination.

Introductions, Awards, and Ceremonies

Mr. Good introduced Mr. Taussig, Denver Water's new Director of Emergency Management, Safety and Security, who remarked that he is excited to work for Denver Water.

Legislative Update

Mr. Piper presented the Board with a legislative update, a copy of which is attached to and incorporated in these Minutes as Exhibit A. He noted that Denver Water is comfortable with new language that Rep. Hansen drafted for HB18-1053 and that staff continues to have discussions with the marijuana industry on this topic. SB18-167 regarding 811 One-Call passed Senate approval, and will likely be the subject of contentious debate. Finally, Mr. Piper noted HB18-1215 required a \$50 million fiscal note and will likely not pass.

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: RECOMMENDED REVISIONS TO THE PERSONNEL POLICIES – SECTION 6-3 DRUG AND ALCOHOL TESTING AND SECTION 7-4 HOLIDAY LEAVE

Approved revisions to Personnel Policies sections 6-3 and 7-4. A copy of the revised policies is attached to and incorporated in these Minutes as Exhibit B.

Mr. Taussig explained that with regard to drug and alcohol testing, Denver Water will begin training all of its supervisors on reasonable suspicion so that more employees will be available to assess particular situations and decide whether an employee should undergo testing. Ms. Wells explained that supervisors will also receive written guidance to rely upon when make such decisions.

2. ITEM II-A-2: 2018 DITCH RATES

Approved increasing the Antero annual charge from \$54.65 to \$70.46 per acre foot and the High Line H and X annual charge from \$41.27 to \$41.40 per acre right. In order to meet the costs associated with delivering water through the

Harriman Reservoir, approved increasing the annual rate from \$37.05 to \$41.57 per inch right and the dam rehabilitation rate from \$730.78 to \$766.95 per inch right.

POLICY MATTERS

3. ITEM III-A: OCR UPDATE

Mr. Ferguson presented the Board with an OCR Update, a copy of which is attached to and incorporated in these Minutes as Exhibit C. He noted that the project is on schedule despite myriad environmental challenges that have appeared, and that the next major milestone will be the substantial completion of Building J and the parking garage. Fifty-five percent of the budgeted amount has been spent on the project, and actual expenditures are within 1% of the amount forecasted in March, 2016.

Mr. Lochhead stated that nearly all of the owner's and unallocated contingency amounts have been spent. He also stated that because it's likely additional environmental issues will appear, the forecasted budget shortfall should be redeveloped to reflect such anticipated costs. He said that the Board will need to make three major decisions on the project, which along with additional environmental costs, could add \$6 to \$7 million to the cost of the project. Those decisions are: 1) whether to lease or purchase the solar array; 2) whether to proceed with the one-percent for public art decision that was in the original scope of the project; and whether to pursue Well-building Certification for the Administration Building.

Ms. Adams reported on the MWBE status, including that we have exceed the goals for MWBE participation in both design and construction for the project. She also reported on the sustainability portion of the project, noting that the One Water concept has been fully incorporated into Work Package 6, the Administration Building is tracking toward the goal of LEED Platinum status, pending the decision on the solar array, and that the other new buildings are tracking toward the goal of LEED Gold status.

4. ITEM III-B: INSURANCE STRATEGY

Ms. Graham shared a presentation about Denver Water's Insurance Strategy to assist the Board with its insurance renewal decision at the May 9, 2018 meeting.

A copy of the presentation is attached to and incorporated in these Minutes as Exhibit D. Ms. Graham explained the various insurance policy limits, deductibles and coverage are the result of active analysis of Denver Water's risk, exposure and experience, including the 2013 flood which caused property damage and the recent failure of the data center. She reviewed the general terms of the property, equipment breakdown, general liability, automobile, law enforcement, employment practices, excess workers' compensation, fiduciary and crime policies. She noted that the public officers' liability policy covers the Board members and employees, with a \$10 million coverage limit, exclusive of defense costs. She noted that Denver Water doesn't have the risk exposure that schools or jails have, so this amount of coverage is sufficient. Having transitioned from retail insurance to self-insurance for workers' compensation claims, Ms. Graham said that Denver Water's clinic is doing an excellent job managing those claims and she will work with staff to present an experience report in the future. Additionally, she noted that she will meet with Mr. Mahoney to discuss construction risks, as well as with the Risk Management team to discuss emerging risks that Denver Water may face.

5. ITEM III-C: LEADERSHIP DEVELOPMENT STRATEGY

Ms. Basaldua presented the Board with the Leadership Development Strategy, a copy of which is attached to and incorporated in these Minutes as Exhibit E. She said that this strategy aligns with the organization's plan to have inspired people, and the goal to have fully-developed employees who are able to anticipate, react and adapt to change with resilience. The strategy and development program will incorporate Continuous Improvement and removing psychological barriers to change by building organizational, relationship and self-trust. The program realizes that there are leaders at all levels of Denver Water and will incorporate learning by doing, learning through others and formal knowledge transfer.

EXECUTIVE UPDATE

6. ITEM IV-A: CEO REPORT

Mr. Lochhead reported that he will attend this week's symposium that will be hosted by Colorado State University. It will be a soft-launch for the water policy center at the National Western site. He anticipates a well-diversified attendance, with former Secretary of Agriculture Vilsack, elected officials, and members from the agriculture, technological, and policy communities.

Denver Water has filed an administrative appeal to the CDPHE's order for water utilities to implement orthophosphate corrosion control by 2020, and has written a letter to the CDPHE explaining the reasoning for the appeal and a desire to work with stakeholders to develop the best path forward, while avoiding unintended consequences.

Mr. Lochhead further reported that he and the Upper Colorado River Commission have each written letters to the Central Arizona Project (CAP) expressing concern for its manipulation of water orders and consequential draw on Lake Powell. He stated that two meetings will soon be held between California, the Department of Interior and the Upper Basin states to discuss a response to the CAP's decisions. He expressed a sense of urgency for the Basin states to develop a strategy to conserve water. Commissioner Herzmark spoke for the Board, expressing its complete support for Mr. Lochhead's efforts and applauding the leadership he has demonstrated in this matter.

7. ITEM IV-B: CFO REPORT

Ms. Bricmont reported that her staff is reviewing the 1st Quarter financials and that currently the organization's project expenditures are ahead of the budgeted amounts, primarily due to the timing of work. The Board will receive the CAFR and have an opportunity to discuss it before its May 23, 2018 meeting.

8. ITEM IV-C: OPERATIONS REPORT

Mr. Dermody and Mr. Good reported on the organization's recent disaster recovery and COOP exercise, both of which were successful.

Mr. Roode reported on progress with the High Line Canal (HLC). He stated that Urban Drainage has completed a draft of its study for how to utilize the HLC as both a conveyance and water quality storm water facility. One outcome reported shows that the HLC can handle a 10-year flood, with some changes needed for it to handle a 100-year flood. There were no major flaws to utilize it for storm water. Several inter-governmental agreements are in process to permit jurisdictions to both use the HLC for storm water and share maintenance of the relevant portions.

One of the HLC water-delivery customers, Fairmont Cemetery has agreed to receive potable water instead of HLC water this year, and is pursuing options and new methods for managing its water needs. Staff is working with other HLC

water customers to find ways to retire their water delivery contracts.

The High Line Canal Conservancy (HLCC) continues to develop its planning framework, including the development of standards for vegetation and other improvements along the canal. As the framework planning process progresses, discussions will begin this summer with the local jurisdictions regarding governance structure and funding. Staff will also bring the annual HLCC funding agreement to the Board soon.

Mr. Lochhead reported that Winter Park Ski Resorts plan to install a new gondola in proximity to Denver Water's pipeline that travels through the ski area and that those plans had to be adjusted when it was made known that Winter Park intended to install the gondola only seven feet from the pipeline. Ms. Turney and Mr. Roode worked with Winter Park to have it relocated to an acceptable place. Though there will be a public plaza over the siphon, Winter Park has agreed to bear the expense of any maintenance required.

BRIEFING PAPERS & REPORTS

9. ITEM V-A-1: LEGISLATIVE UPDATE

The Board received a Legislative Update, a copy of which is attached to and incorporated in these Minutes as Exhibit A.

10. ITEM IV-A-2: INSURANCE STRATEGY

The Board received a Briefing Paper on Denver Water's Insurance Strategy, a copy of which is attached to and incorporated in these Minutes as Exhibit F.

ADJOURNMENT

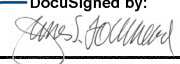
No further business appearing, the Board voted unanimously to adjourn into an Executive Session at approximately 11:05 a.m.

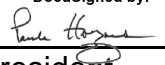
Executive Session

On Wednesday, April 25, 2018, commencing approximately at 11:10 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners met in 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 Executive Session:

1. Attorney-Client Matters § 24-6-402(4)(b)
2. Personnel Matters § 24-6-402(4)(f)(I)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 12:05 p.m.

DocuSigned by:

Secretary 7B484...

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President 894843F...