

**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, June 13, 2018

Open Session

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

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

S. Abram, <i>Acting</i> Chief Financial Officer	D. Dennert, Organizational Improvement Facilitator
J.A. Anderson, Chief of Staff	D. Hamm, Division Analyst
G. Cagle, Chief Human Resources Officer	C. Palmore, Organizational Improvement Facilitator
C.R. Dermody, Chief Information Officer	R. Pence, Engineer
B.D. Good, Chief Administrative Services Officer	V. Roberts, Director Business Technology
M. King, Chief External Affairs Officer	J. Ross, Engineer Sr.
J.S. Lochhead, CEO/Manager	L. Suer, Jacobs
R.J. Mahoney, Chief Engineering Officer	R. Thompson, Law Clerk
M. Price, <i>Acting</i> Chief Operations and Maintenance Officer	A. Turney, Director Engineering – Property
G. Rosenschein, <i>Acting</i> General Counsel	D. Winter, Director Organizational Improvement
R. Angle, Finance Sr. Analyst	J. Adams, Mortenson
D. Arnold, Attorney	

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

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



K. Bates, Attorney	L. Ferguson, Trammel Crow
S. Chesney, Director Public Affairs	A. Jordan
A. Chotiner, Business Operations Manager	M. Sullivan, Trammel Crow
P. Coleman, Chief Internal Auditor	K. Tayrien
	K. Trenchard

INTRODUCTORY BUSINESS

Commissioner Herzmark called the meeting to order at 9:16 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. Ms. Trenchard, Mr. Jordan and Ms. Tayrien responded with comments about the prairie dogs located at the 1475 S. Quebec Way property. They noted that the fence their Homeowners' Association built to keep the prairie dogs off of the neighborhood property blew down and that the Association intends to exterminate any prairie dogs that enter the property. Mr. King said that Denver Water has no ability to control the Association's decisions with regard to its own property, and that Denver Water will contribute \$300 toward a fence, while awaiting a decision about whether it may relocate the prairie dogs to Jefferson County.

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: MINUTES OF MAY 9, 2018

The Minutes of the Open Session Meeting of May 9, 2018 were approved.

The Minutes of the Executive Session of May 9, 2018 were approved.

2. ITEM II-A-2: MINUTES OF MAY 23, 2018

The Minutes of the Open Session Meeting of May 23, 2018 were approved.

The Minutes of the Executive Session of May 23, 2018 were approved.

3. ITEM II-A-3: COLORADO RIVER SYSTEM CONSERVATION PILOT PROGRAM THIRD AMENDMENT TO CONTRACT 15580A/500977

Approved the Third Amendment to Contract 15580A/500977.

4. ITEM II-A-4: OPERATIONS COMPLEX REDEVELOPMENT PROJECT RESTORE CONTINGENCY AND PUBLIC ART BUDGET

This Item was removed from the Consent portion of the Agenda and relocated to the Individual Action Items portion of the Agenda.

5. ITEM II-A-5: RATIFICATION OF CONSTRUCTION CONTRACT CHANGE ORDERS AND AMENDMENTS, AND PROFESSIONAL SERVICES AGREEMENT AMENDMENTS

Ratified Construction Contract Change Orders, Amendments, and Amendments to Agreements authorized in March and April, 2018 as follows:

1. Sixth Amendment to Contract 15453A/500815 with Reynolds Construction, LLC for Conduit NO. 16 Tunnel Installations at State Highways 58 and 93, BNSF Railroad Crossings, and Interstate 70 with Open Cut Segments from STA 348+50.00 to STA 410+24.17;
2. Change Order No. 2 to Contract 15453A/500815 with Reynolds Construction, LLC for Conduit NO. 16 Tunnel Installations at State Highways 58 and 93, BNSF Railroad Crossings, and Interstate 70 with Open Cut Segments from STA 348+50.00 to STA 410+24.17;
3. Change Order No. 2 to Contract 17087A/501671 with Concrete Works of Colorado, Inc. for Conduit No. 31 Replacement; and
4. Second Amendment to Contract 15979D/503075 with MWH Constructors for Hillcrest Reservoir Basin Replacements Work Package No. 3 – Tanks;

all as more particularly described in the attachment to Agenda ITEM II-A-5.

**6. ITEM II-B-1: OPERATIONS COMPLEX REDEVELOPMENT PROJECT
RESTORE CONTINGENCY AND PUBLIC ART BUDGET**

Approved an additional \$4.6 million to the Operations Complex Redevelopment (OCR) Project budget. \$2.8 million will be added to and managed as Owner's Unallocated Contingency, \$1.2 million will be added to and managed as Allocated Contingency for environmental issues and \$600,000 will be added to the public art budget. Mr. Lochhead explained that that public art budget is one percent of the original \$155 million OCR project budget.

POLICY MATTERS**7. ITEM III-A: CONTINUOUS IMPROVEMENT UPDATE**

Mr. Winter provided the Board with a Continuous Improvement (CI) Update, a copy of which is attached to and incorporated in these Minutes as Exhibit A. He introduced Mr. Dennert and Ms. Palmore and thanked the CI team and Denver Water staff for all of their CI efforts through the years.

Mr. Winter noted that the mission of the CI Section is to develop leaders at all levels within Denver Water and that it is much more than process improvement – it is a cultural transformation. Leadership development will incorporate Denver Water's core mission of delivering water and moving strategic initiatives forward through "learning by doing" activities, which may include participating in CI activities, Civil Training, visiting parts of the organization where a variety of work is done. The three most important things that CI teaches and coaches leaders to do are: 1) go to where the work is done, with humility; 2) observe the work; and 3) talk to the people.

Since 2011, Denver Water has experienced the three phases of CI, beginning with change activity, transitioning to intense years of learning to change habits, and then in years of changing values, understandings and embedding CI principals into regular work activity. The CI system begins with the Board and Executive Team developing the Strategic Plan, which leads to mission-level activities that drive the results that are reflected on Denver Water's balanced scorecard. These processes have resulted in approximately \$11 million of savings and efficiency

8. ITEM III-B: PROPERTY PHILOSOPHY

Ms. Turney provided the Board with Denver Water's Property Philosophy Review, a copy of which is attached to and incorporated in these Minutes as Exhibit B.

Denver Water is one of the largest public property owner in state, and intends to be a responsible steward of the resources, assets, and natural environments entrusted to it. As such, its philosophy is to protect critical infrastructure and watersheds, optimize funding sources, manage operational and resource assets in a pro-active, cost-effective manner, respecting the multiple uses of Denver Water's resources, demonstrate adherence to ethics and public accountability, and retain as many options as possible for Denver Water. In the event that property is declared surplus and transfer is contemplated, one of three decisions is usually made: 1) appraise and value the property for future uses; 2) include restrictions in the deed to reflect disposal assumptions; or 3) market the property for sale to obtain competitive pricing. Denver Water retains all water rights on properties that it transfers to other parties.

EXECUTIVE UPDATE**9. ITEM IV-A: CEO UPDATE**

Mr. Lochhead reported that Representative DeGette recently convened a meeting of the Colorado Department of Public Health and Environment (CDPHE), the Environmental Protection Agency, Denver Water, and other stakeholders interested in the CDPHE's orthophosphate order. He also reported that he was a member of a panel at the Economist's Sustainability Summit 2018, where Denver Water made contacts with corporate entities and gained insight to their sustainability programs, and desire to obtain offsets or sustainability credits for water usage. Finally he noted that Declaration Brewing held a tasting of the 100th year anniversary brew made with recycled water.

ADJOURNMENT

No further business appearing, the Board voted unanimously to adjourn into an Executive Session at approximately 10:15 a.m.

Executive Session

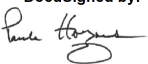
On Wednesday, June 13, 2018 , commencing approximately at 10:15 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners met in Executive Session. The following matters, which are authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34, were discussed during the Executive Session:

1. Property Transactions § 24-6-402(4)(a)
2. Attorney-Client Matters § 24-6-402(4)(b)
3. Security § 24-6-402(4)(d)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 10:55 a.m.

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Secretary

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President