

**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, August 23, 2017

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, August 23, 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
Thomas A. Gougeon, Vice President
Penfield W. Tate, III, Vice President

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

J.A. Anderson, Chief of Staff	
A.C. Bricmont, Chief Financial Officer	M. Faulkner, Director HR - Talent
G. Cagle, Chief Human Resources Officer	R. Gallen, Contract Specialist
C.R. Dermody, Chief Information Officer	D. Hamm, Division Analyst
B.D. Good, Chief Administrative Services Officer	A. Ingram, Contract Supervisor
M. King, Chief External Affairs Officer	J. Lorton, Accounting Manager
J.S. Lochhead, CEO/Manager	K. Oligney, Director IT Infrastructure
R.J. Mahoney, Chief Engineering Officer	P. Peloquin, Engineer Sr.
T.J. Roode, Chief Operations and Maintenance Officer	J. Ross, Engineer Sr.
S. Abram, Budget Manager	L. Schulz, Customer Relations Manager
M. Aragon, Director Customer Relations	J. Seagren, Distribution Relations Manager
K. Bates, Attorney	U. Sharma, Treasurer
D. Bennett, Planning Manager	J. Spitze, IT Program Manager
	D. Winter, Director Organizational Improvement

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

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



J. Bogner, Finance Analyst	J. Adams, Trammel Crow
T. Bray, Environmental Scientist Supervisor	J. Becker-Wold, Callan
S. Chesney, Public Affairs Manager	A. Browning, Callan
P. Coleman, Chief Internal Auditor	D. Buckels, The Greenway Foundation
P. Daukas, Planning Manager	L. Ferguson, Trammel Crow
E. Decker, Director IT Projects	D. Kuntz, Mortenson
R. DeCoursey, Finance Sr. Analyst	M. Sullivan, Trammel Crow
	J. Schoemaker, The Greenway Foundation

INTRODUCTORY BUSINESS

Commissioner Herzmark called the meeting to order at 9:25 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 II-A-1: PROPOSED CHANGES TO PERSONNEL POLICIES CONCERNING DISCRETIONARY EMPLOYEES, AND IDENTIFICATION OF DISCRETIONARY POSITIONS AND PERSONNEL

Approved the amended changes to Personnel Policies concerning discretionary employees, as well as recommendations 1, 2, and 4 in Board Item II-A-1. The amendment removed table two of Board Item II-A-1.

2. ITEM II-A-2: CONTRACT 16869A PEOPLESOFT TECHNICAL DEVELOPMENT & SUPPORT SERVICES

Approved Contract 16869A with Dimension Systems, Inc. for PeopleSoft support services for the contract period of August 23, 2017 through September 30, 2020, for a total contract amount not to exceed \$180,000.

3. ITEM II-A-3: CONTRACT 17109A FIRST AMENDMENT WITH PEAK AUDIO VISUAL D/B/A CCS PRESENTATIONS FOR AUDIO VISUAL MAINTENANCE AND DESIGN

Approved the First Amendment to Contract 17109A. The Amendment adds \$270,000, for a total amended contract amount not to exceed \$300,000.

4. ITEM II-A-4: RESOLUTION FOR THE MOFFAT COLLECTION SYSTEM PROJECT, CLEAN WATER ACT SECTION 404 PERMIT

Adopted the Resolution of the Denver Board of Water Commissioners Regarding Section 404 Permit for the Moffat Collection System Project, a copy of which is attached to and incorporated in these Minutes as Exhibit A.

POLICY MATTERS

5. ITEM III-A: OCR

The Board received the OCR Update, a copy of which is attached to and incorporated in these Minutes as Exhibit B. Ms. Adams noted that Phase One construction is coming to an end, with abatement of buildings 1, 2, 3, and 7 beginning soon. Phase Two (administration and wellness buildings and parking structure) GMP has been submitted to Trammel Crow for review, which marks a significant milestone in the OCR project. Once these costs are finalized, plans for the Three Stone building will be decided.

Although the project has exceeded the MWBE construction goals, Commissioner Tate remarked that he continues to receive feedback from representatives of African-American-owned firms, who express discontent that no African-American-owned firms have been awarded construction contracts. Mortenson agreed to his request for an analysis of the percentage/dollar amount of work awarded to African-American-owned firms, to proactively reach out to this community and to evaluate why it has not awarded work to such firms.

6. ITEM III-B: CUSTOMER SURVEY

The Board received a presentation of the recent customer survey, a copy of which is attached to and incorporated in these Minutes as Exhibit C. The biennial survey was randomly sent to 16,000 customers, an additional 1,000 of which were sent this year to customers living in lower-income neighborhoods, with the intent to elicit a more diverse response. New questions regarding

whether households drink water from the tap revealed that 90% of customers who responded to the survey drink tap water and are more satisfied with this experience than those who drink bottled water.

The results also demonstrated that 92% of respondents are either very, or somewhat satisfied with Denver Water overall. The majority stated that Denver Water provides a valuable service for the rates they pay, has a reliable source of supply, and provides high-quality drinking water. Customers expressed some concern about Denver Water's messaging about rates, and disruption during street work and maintenance. Mr. Aragon stated that staff will improve the messaging in these areas, as well as revitalize the customer experience value stream and increase street sweeping services during maintenance projects.

7. ITEM III-C: CHATFIELD RESERVOIR ENVIRONMENTAL POOL UPDATE

Mr. Bennett said that a year ago, the Board agreed to help preserve and enhance the South Platte River beyond its historic flows by purchasing up to 250 acre feet of environmental pool storage at Chatfield Reservoir, for water that would be released into the river during times of need. This purchase was contingent on finding partners to purchase an additional 250 acre feet of storage. The Greenway Foundation became involved, and to date 22 organizations and individuals have agreed to contribute to the matching purchase.

Mr. Schoemaker thanked Mr. Bennett and Ms. Buckel for their involvement, and remarked that the Board, being a model of collaboration and cooperation, went beyond its duty to do the right thing.

Mr. Lochhead and Commissioner Herzmark thanked The Greenway Foundation and Messrs. Shoemaker and Bennett for their leadership, passion and efforts on this project.

8. ITEM III-D: BUSINESS TECHNOLOGY TRANSFORMATION UPDATE

The Board received an update of the Business Technology Transformation project, a copy of which is attached to and incorporated in these Minutes as Exhibit D. Mr. Dermody said that staff conducted a continuous improvement (CI) workshop in early August to begin the plan the process for implementing Grant Thornton's recommendations, including the creation of a long-term roadmap, a short-term roadmap and the establishment of a Business Technology balanced scorecard. He reviewed the timeframe in which each of

the Grant Thornton recommendations regarding governance, organization and technology will be implemented. During the process of implementing significant technology recommendations such as ERP and EAM, Internal Audit will assist in the analysis of the current state, key stakeholders will engage in a vertical value stream to define the future state, all in advance of starting project implementation work.

Mr. Dermody stated that the governance recommendations are the highest priority and will be fully implemented in 2017. Staff intends to implement the organizational recommendations by mid-2018, but will look for earlier opportunities to reduce staffing levels, adopt new technologies and shift to cloud-based services. The technology recommendations will be implemented over a five-year period, resulting in a 30% reduction in expenditures on business applications. The list of projects for 2018 is currently under review, and being prioritized in re: the Grant Thornton recommended advancement principals.

Overall, the entirety of the governance, organization and technology changes planned over the next five years are intended to reduce IT's overall expenditures by 17% by 2022.

EXECUTIVE UPDATE

9. ITEM IV-A: CEO UPDATE

Mr. Lochhead reported the following:

He and Mr. King recently had a very positive visit with the Summit County Commissioners, in which they discussed the Forest to Faucet project, Denver Water's priorities and activities in Summit County, noxious weed management on Denver Water's property, the CRCA, reservoir operations and issues associated with the 100-year flood plain. Together, Denver Water and Summit County will explore the opportunity to run local bus service over the Dam road, and will discuss any specific proposal the County may have involving the use of Denver Water's surplus property.

The WISE project is now active.

Last week, Denver Water experienced a gas leak at its Administration Building. The evacuation of employees happened in a very orderly manner, and the experience was a good learning exercise.

10. ITEM IV-B: CFO UPDATE

The Board received the Monthly Financial Report dated 7/31/2017, which is attached and incorporated in these Minutes as Exhibit E. Ms. Bricmont noted that all financial metrics are on track with the budget and that the 2018 budget process is underway.

BRIEFING PAPERS & REPORTS

11. ITEM V-A: CUSTOMER SURVEY

The Board received a Briefing Paper for End User Customer Survey Results, a copy of which is attached to and incorporated in these Minutes as Exhibit F.


ADJOURNMENT

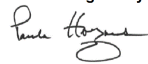
No further business appearing, the Board voted unanimously to adjourn into a Trustee Meeting at approximately 11:00 a.m.

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, August 23, 2017, commencing at 11:00 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 11:25 a.m.

No further business appearing, the Board voted unanimously to the Trustee Meeting at approximately 11:25 a.m.

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Secretary

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President