

**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, September 13, 2017

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, September 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
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	D. Hamm, Division Analyst
G. Cagle, Chief Human Resources Officer	Y. Her, Procurement Manager
C.R. Dermody, Chief Information Officer	D. Hughes, Engineer
B.D. Good, Chief Administrative Services Officer	R. Gallen, Contract Specialist
M. King, Chief External Affairs Officer	M. Garfield, Customer Relations Manager
J.S. Lochhead, CEO/Manager	J. Lorton, Accounting Manager
R.J. Mahoney, Chief Engineering Officer	P. Peloquin, Interagency Project Manager
T.J. Roode, Chief Operations and Maintenance Officer	S. Price, Engineering Manager
U. Sharma, <i>Acting</i> Chief Financial Officer	D. Raitt, Engineering Manager
P.L. Wells, General Counsel	J. Seagren, Distribution Relations Manager
B. Balley, Engineer Sr.	L. Schulz, Customer Relations Manager
K. Bates, Attorney	D. Shable, Engineer Sr.
T. Bryant, Controller	B. Balley, Engineer Associate
	J. Spitze, IT Program Manager
	A. Woodrow, Division Analyst

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

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



P. Coleman, Chief Internal Auditor
R. DeCoursey, Finance Sr. Analyst
M. Elliott, Director Stakeholder Relations
D. Engleman, Total Rewards Administrator

T. Lewis, Denver Urban Renewal Authority
S. McGinty, Denver Urban Renewal Authority
M. Moreau, Gallagher
A. Stevens, Gallagher
C. Welter, Challenge Tech

INTRODUCTORY BUSINESS

Commissioner Herzmark called the meeting to order at 9:20 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.

Introductions, Awards and Ceremonies

Commissioner Herzmark stated that the Board of Water Commissioners will be saying goodbye to Commissioner Tate and Commissioner Gougeon soon, and acknowledged the extraordinary contributions they have made to Denver Water during their tenure. In expressing gratitude for the intellect, creativity and commitment they have brought to the Board, both were presented with photographs of Denver Water facilities.

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 AUGUST 9, 2017

The Minutes of the Regular Meeting of August 9, 2017 were approved.

The Minutes of the Executive Session of August 9, 2017 were approved.

2. ITEM II-A-2: MINUTES OF AUGUST 23, 2017

The Minutes of the Regular Meeting of August 23, 2017 were approved.

3. ITEM II-A-3: CONTRACT 16114A ANTERO DAM REHABILITATION PHASE IV

Approved the First Amendment to Contract 16114A with Moltz Construction, Inc. for relining of the Outlet Works 120-inch and 365-inch diameter outlet pipelines. The Amendment extends the contract through November 20, 2017 and adds \$299,902, for a total contract amount not to exceed \$6,540,447.50.

4. ITEM II-4: CONTRACT 16243A ANTERO DAM REHABILITATION PHASE IV CONSULTANT

Approved the First Amendment to Contract 16243A with Engineering Support Services, Inc. for the oversight of relining the Outlet Works 120-inch and 36-inch diameter outlet pipelines. The Amendment extends the contract through December 31, 2017 and adds \$36,847.32, for a total contract amount not to exceed \$128,425.

5. ITEM II-A-5: CONTRACT 16899A CONDUIT NO. 20 DIVERSION DAM MODIFICATIONS

Approved Contract 16899A with Guarantee Electrical Contracting for Conduit No. 20 Diversion Dam Modifications for the contract period of September 13, 2017 through May 30, 2018, for a total contract amount not to exceed \$1,199,000.

6. ITEM II-A-6: CONTRACT 17088A SOUTH BOULDER DIVERSION DAM GATE REHABILITATION

Approved Contract 17088A with Gracon, LLC for South Boulder Diversion Dam Gate Rehabilitation for the contract period of September 13, 2017 through April 30, 2018, for a total contract amount not to exceed \$1,799,900.

7. ITEM II-A-7: CONTRACT 17087A CONDUIT NO. 31 REPLACEMENTS

Approved Contract 17087A with Concrete Works of Colorado, Inc. for the Conduit No. 31 Replacement Project for the contract period of September 13, 2017 through May 14, 2018, for a total contract amount not to exceed \$5,989,777.

8. ITEM II-A-8: RATIFICATION OF CONSTRUCTION CONTRACT CHANGE ORDERS AND AMENDMENTS AND PROFESSIONAL SERVICES AGREEMENTS AMENDMENTS

Ratified Construction Contract Change Orders, Amendments, and Amendments to Agreements authorized in June, July and August, 2017 as follows:

1. Change Order No. 1 to Contract 14063C with Western Summit Constructors, Inc. for the Ashland Reservoir Tank Replacements – Work Package No. 2 – Water Quality Monitoring Building;
2. Change Order No. 1 to Contract 15453A with Reynolds Construction, LLC for Conduit No. 16 Tunnel Installations at State Highway 58 & 93, BNSF Railroad Crossings, and Interstate 70 with Open Cut Segments from STA 348+50.00 to STA 410_24.147;
3. Change Order No. 4 to Contract 15547A with Aslan Construction, Inc. for the Moffat Treatment Plant Centrifuge Dewatering System’
4. Change Order No. 5 to Contract 15630E with Mortenson Construction for the Construction of the Operations Complex Redevelopment Work Package No. 4 – Operations Buildings;
5. Change Order No. 3 to Contract 15630E with Mortenson Construction for the Construction of the Operations Complex Redevelopment Work Package No. 4 – Operations Buildings;
6. Change Order No. 4 to Contract 15630E for the Construction of the Operations Complex Redevelopment Work Package No. 4 – Operations Buildings;
7. First Amendment to Contract 16712A with Burns & McDonnell Engineering Company, Inc. for the DRWSP North Complex Electrical, Instrumentation and Control Project; and
8. Change Order No. 1 to Contract 16834A with BT Construction, Inc. for Conduit 94 2017 Pipe Replacements,

all as more particularly described in the attachment to Agenda Item ITEM II-A-8.

9. ITEM II-B-1: DOWNSTREAM RESERVOIR WATER STORAGE PROJECT (DRWSP) NORTH AND SOUTH COMPLEX WATER QUALITY IMPROVEMENTS PROJECT

Approved Contract 17203A with Brown and Caldwell and J.R. Filanc Construction Company for Design-Build services for the DRWSP North and South Complex Water Quality Improvements Project for the contract period of September 13, 2017 through August 31, 2018, for a total contract amount not to exceed \$3,375,962. The Board received a presentation of the DRWSP Project, a copy of which is attached to and incorporated in these Minutes as Exhibit A. Mr. Balley remarked that the aeration system will improve the amount of dissolved oxygen, and therefore the water quality, in the downstream reservoirs.

10. ITEM II-B-2: RATIFICATION OF BUDGET AND SPENDING AUTHORIZATION APPROACH FOR OPERATION REDEVELOPMENT AND HILLCREST PROJECTS

Ratified past, and approved future execution of contracts exceeding the CEO/Manager's spending authority for the Operations Campus Redevelopment and Hillcrest Projects, within their approved budgets and with proper counter signatures as necessary, without requiring additional Board approvals.

11. ITEM II-B-3: ORCA PROJECT – INCREMENT 2 ENTERPRISE FINANCIAL SYSTEM – PROCUREMENT AND PAYMENT 2ND AMENDMENT

Approved the Second Amendment to contract 16759A with Global Systems Integration, Inc. The Amendment adds \$140,000, for an amended contract amount not to exceed \$1,103,245. The Board received an ORCA Status Update, a copy of which is attached to and incorporated in these Minutes as Exhibit B. Mr. Spitze remarked that the timekeeping system upgrade and enhancements are complete, and that the enterprise financial system procurement and payment enhancements are in process. He anticipates a go-live date of December 31, 2017 for Increment 2 and a December 31, 2018 go-live date for Increment 3. In response to a question from Commissioner Tate, Mr. Spitze stated that actions taken for both Increments are, and will be consistent with the recommendations made by Grant Thornton. The project is currently forecast to have expenditures of \$300,000 less than budgeted.

12. ITEM II-B-4: 2018 HEALTH CARE BENEFITS AND MERIT RECOMMENDATIONS

Approved the amount of employee contributions to both the medical and dental plans, as described in ITEM II-B-4. The Board received an updated 2017 Denver Water Peer Comparison chart, a copy of which is attached to and incorporated in these Minutes as Exhibit C.

Approved a total merit increase budget of 3.1% for 2018, as well as a 0.5% pay adjustment budget for 2015. The Board received a presentation of the 2018 Benefit Renewal and Merit Recommendation, a copy of which is attached to and incorporated in these Minutes as Exhibit D.

13. ITEM II-B-5: RESOLUTION REGARDING DUTIES OF CEO/MANAGER

Approved a Resolution Regarding the Duties of the CEO/Manager, granting him signing authority for expenditures of \$750,000 or less. A copy of the Resolution is attached to and incorporated in these Minutes as Exhibit E. Commissioner Herzmark stated that the Board has contemplated this decision for a number of years, and now that ORCA has facilitated improved financial reporting, the Board is confident that this decision will align with Denver Water's values and allow the Board to better focus on policy issues. Commissioners Austin, Gougeon and Tate expressed confidence that ratepayers' and stakeholders' interests will be protected by this decision.

POLICY MATTERS**14. ITEM III-A: LEAD REDUCTION PROGRAM**

The Board received a 2018 Lead Reduction Program update, a copy of which is attached to and incorporated in these Minutes as Exhibit F. Mr. Price noted that Denver Water has conducted two years of testing corrosion control in lead pipes via both Ph. adjustments and the addition of phosphate. Although both processes reduce corrosion, staff will recommend to the Colorado Department of Public Health and Environment (CDPHE) that Denver Water adopt the Ph. adjustment process as its corrosion control treatment strategy. Although this approach may not meet the regulatory definition of Optimal Corrosion Control, it provides a significant reduction in corrosion, with lower costs and less impact on downstream users than the addition of phosphate. While the Board indicated support for this recommendation, Denver Water will await the CDPHE's decision before implementing either process.

Mr. Price, Ms. Lewis and Ms. McGinty then explained the status of Denver Water's lead service line replacement program. To date, 690 full line replacements have occurred, with ten of them facilitated by the revolving loan fund administered by the Denver Urban Renewal Authority (DURA). Ms. Lewis anticipates that when Denver Water's work schedule changes to different neighborhoods, and through DURA staffing changes, the number of lines replaced via the loan program will increase. Mr. Price said that for 2018, Denver Water will continue the replacement program as planned, but will shift its focus to homes built before 1950.

EXECUTIVE UPDATE

15. ITEM IV-A: CEO UPDATE

Mr. Lochhead stated that Denver Water held its employee appreciation event on August 31, 2017 and acknowledged the efforts of the Inclusion Committee to organize the event.

16. ITEM IV-C: OPERATIONS UPDATE

Mr. Dermody noted that the CIS upgrade is complete, with 400 employees receiving training for the enhanced and upgraded system, which now includes encryption technology for all billing data.


BRIEFING PAPERS & REPORTS

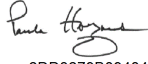
17. ITEM V-A: COLORADO RIVER MINUTE 323

The Board received a Briefing Paper on Minute 323 to the 1944 Water Treaty with Mexico, a copy of which is attached to and incorporated in these Minutes as Exhibit G. Mr. Lochhead explained that Minute 323 is an important step forward in continuing bi-national cooperation between the United States and Mexico with regard to Colorado River management. It is also a prerequisite to the implementation of the Lower and Upper Basin drought contingency plans, which will be necessary to manage demands and provide water to Lakes Mead and Powell in order to avoid water levels from going below critical elevations.

ADJOURNMENT

No further business appearing, the Board voted unanimously to adjourn at approximately 11:20 a.m.

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Secretary

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President