

**RECORD OF PROCEEDINGS  
MINUTES  
of the  
Board of Water Commissioners**

Denver Water Administration Building  
1600 West 12<sup>th</sup> Avenue  
Denver CO  
Board Room, Third Floor

**Wednesday, July 25, 2018**

---

**Open Session/Plan Sponsor Meeting**

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, July 25, 2018, beginning at 9:00 a.m. in the Board Room, Room 309, 1600 West 12<sup>th</sup> 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**  
**Craig Jones, Vice President**  
**Gary Reiff, Vice President**

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

J.A. Anderson, Chief of Staff	C. Funk, Attorney
A.C. Bricmont, Chief Financial Officer	C. Gonzales, Administrative Sr. Assistant
G. Cagle, Chief Human Resources Officer	A. Hill, Attorney
C.R. Dermody, Chief Information Officer	Y. Her, Procurement Manager
M. King, Chief External Affairs Officer	T. Johnson, Water Treatment Lead
A. Turney <i>Acting</i> Chief Engineering Officer	A. Joseph, Attorney
T.J. Roode, Chief Operations and Maintenance Officer	J. Kreger, Safety Supervisor
K. Taft, <i>Acting</i> Chief Administrative Services Officer	J. Light, Engineer Sr.
P.L. Wells, General Counsel	J. Lorton, Accounting Manager
S. Abram, Budget Manager	C. Proctor, Communication Specialist
R. Angle, Finance Sr. Analyst	R. Marsicek, Planning Manager
	T. Moore, Finance Analyst
	T. Popacondria, Attorney

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

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



A. Antolovich, Engineering Manager  
M. Aragon, Director Customer Relations  
D. Arnold, Attorney  
K. Bates, Attorney,  
D. Bennett, Director Water Resource  
Strategy  
S. Bennett, Administrative Sr. Assistant  
D. Brady  
S. Chesney, Director Public Affairs  
A. Chotiner, Business Operations Manager  
S. Colcleasure, Water Treatment Lead  
P. Coleman, Chief Internal Auditor  
F. Davis, Rates Manager  
R. Davis, Finance Analyst  
K. Dudas, Public Affairs Manager  
N. Elder, Planning Manager  
D. Engleman, Total Rewards Sr.  
Administrator  
M. Faulkner, Director H R  
C. Fikan, Finance Tech  
G. Fisher, Demand Planning Manager  
L. Fraser, Executive Assistant

G. Rosenschein, Attorney  
J. Ross, Engineer Sr.  
J. Seagren, Distribution Relations Manager  
C. Shaw, Executive Assistant  
S. Snyder, Communication Sr. Specialist  
J. Spitze, IT Program Manager  
J. Taussig, Director EMSS  
R. Thompson, Law Clerk  
P. Williams, Executive Assistant  
R. Wirth, Finance Supervisor  
J. Wittler, Attorney  
J. Adams, Trammel Crow  
N. Cudahy,  
P. Fitzgerald, Platte Canyon Water and  
Sanitation District  
D. Irish, Southgate Water and Sanitation  
District  
L. Ferguson, Trammel Crow  
C. Lane, Platte Canyon Water and Sanitation  
District  
W. Mosher, Trammel Crow  
A. Parker, Carollo Engineering  
A. Stevens, Gallagher

## INTRODUCTORY BUSINESS

Commissioner Herzmark called the meeting to order at 9:15 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

Mr. Lochhead announced that this is the last official Board meeting for Ms. Wells, in her role as General Counsel. He said that it's hard to put into words what she's meant to Denver Water and to all of us personally. Her influence, ethic, integrity, leadership, tenacity, and passion for the work we do and the people she works with, both internally and externally, including with the Colorado Water Conservation Board and the Water

Quality Control Commission are admirable in a General Counsel. He wished her all the best and remarked that this is a bittersweet moment.

Commissioner Austin stated that the Board admires Ms. Wells and considers her to be the consummate professional, with tremendous dedication and loyalty to the organization. She is the mama bear of Denver Water, and on top of that, when things become serious, she provides necessary comic relief. She has the collective admiration of the Board and deserves the best.

Commissioner Reiff stated that although his time at Denver Water with Ms. Wells has been brief, he knew her at the City Attorney's office, and knew her to be a brilliant lawyer with integrity, honesty and everything anyone would want in a lawyer and advocate.

Commissioner Jones remarked that Ms. Wells has been very helpful to him and he appreciates the time she's taken to help him understand Denver Water's history. He wished her the best of luck at this stage in her life.

Commissioner Lucero recalled when Ms. Wells took him under her wing thirteen years ago and noted that she's "had his back" more than a few times since then. He admires her for taking the lead on the Colorado River Cooperation Agreement (CRCA) and all the other big and little projects to which she devoted her attention.

Commissioner Herzmark said that she has known Ms. Wells socially since the 1970's and was amazed when she came to the Board and watched Ms. Wells work. She is a brilliant, dogged and persistent lawyer, but more than that she has been a partner to both Chips Barry and Mr. Lochhead. The loss is more than losing a General Counsel; it's a loss of relationship and knowledge. It has been Commissioner Herzmark's pleasure and honor to observe Ms. Wells in this environment and know all that she does for the employees and the community.

Mr. Funk remarked that he is the longest tenured attorney on Ms. Wells' staff, and as such, he will speak for the team. He addressed the Board by saying that recently, they, along with Mr. Bates, gave a presentation on the history of west slope water agreements. As they explained to everyone, Denver Water's mission statement until 1989 was that it was our manifest destiny to provide water to the metropolitan area and beyond. Then, Two Forks was vetoed and the Board took a new path. To lead the way on this new path, the Board hired Mr. Barry as Manager and Ms. Wells as the General Counsel. She was hired in October 1991 and by July 1992 she had crafted the 1992 Clinton Reservoir – Fraser River Agreement. This innovative, clever document that forged a bond with Grand and Summit Counties was the precursor to the CRCA,

another state-wide pioneering document drafted by Ms. Wells.

To Ms. Wells, Mr. Funk spoke on behalf of everyone in the Office of General Counsel that they adore and admire her energy, compassion, passion, loyalty, integrity (she has the sense and conviction to do the right thing), and dedication (how she threw herself into projects and issues). Ms. Wells is a treasure and it has been an honor and pleasure to serve under her leadership.

Ms. Dudas showed a film in which Governor Hickenlooper remarked at length on Ms. Wells' integrity, passion, and dedication to public service have helped to reshape how communities and people throughout the state view water and conservation and that she has helped to improve the state immensely.

Commissioner Herzmark presented Ms. Wells with a flag from the Governor and a proclamation that July 25 will forever be Patti Wells day in Colorado. She read highlights from the proclamation, stating that Ms. Wells has provided faithful and wise counsel to Denver Water since 1991 and she was the first woman to serve as Deputy City Attorney, City Attorney and General Counsel for Denver Water. She has been an instrumental, visionary leader on Colorado water issues and helped broker the CRCA. All of Colorado has benefitted from her passion, ceaseless commitment to public service and her stewardship of water.

Ms. Wells thanked everyone and said that it has been delightful to serve at Denver Water. Being able to make a difference matters a lot to her and that can be achieved at Denver Water. Because the lawyers get to opine on things and get to be involved in everything that happens, it's been a pleasure to serve. She noted that Denver Water has had all kinds of challenges and worked through them. She appreciated the effort getting this celebration organized and hopes to still contribute to water policy in some way. She will miss everybody, is thankful for a wonderful career and couldn't ask for anything better.

## 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: ELECTRONIC PAYMENT PROCESSORY – CONTRACT  
503477**

Approved Contract 503477 with Speedpay for electronic payment processing

services for the contract period of August 1, 2018 to August 1, 2023, for a total contract amount not to exceed \$6,000,000.

**2. ITEM II-A-2: REPLACE CONDUIT NO. 16 CENTRAL SEGMENT  
CONTRACT 503036**

Approved Contract 503036 with S.J. Louis Construction of Texas, Ltd. For the contract period of July 25, 2018 to August 21, 2020, for a total contract amount of \$21,790,000, and authorized Owner-directed contingency amount of \$1,500,000 to address unknown issues encountered during construction.

**3. ITEM II-A-3: RECOMMENDED REVISIONS TO THE PERSONNEL  
POLICIES – SECTION 2-4-(3) PAY ADVANCE**

Approved revisions to Personnel Policies Section 2-4-(3) to remove pay advances. A copy of the revised Policy is attached to and incorporated in these Minutes as Exhibit A.

**4. ITEM II-A-4: SIXTH AMENDMENT TO GALLAGHER BENEFIT  
SERVICES FOR HUMAN CAPITAL MANAGEMENT TECHNOLOGY SERVICE  
PROVIDER DISCOVERY & SOURCING AND TOTAL REWARDS  
CONSULTANT – CONTRACT 501215**

Approved the Sixth Amendment to Contract 501215 with Gallagher. The Amendment extends the contract period through December 31, 2019 and adds \$500,000, for a total amended contract amount not to exceed \$1,315,000.

**5. ITEM II-A-5: APPROVAL OF 2019 MEDICAL AND DENTAL RATES  
FOR EMPLOYEES AND RETIREES**

Approved the 2019 Medical and Dental contribution rates, a copy of which is attached to and incorporated in these Minutes as Exhibit B.

**6. ITEM II-B-1: FIRST AMENDMENT FOR EMERGENCY WATER  
DAMAGE CLEANUP SERVICES – CONTRACT 501437 (FORMERLY 16755A)**

Approved the First Amendment to Contract 16755A with Restoration Logistics, Inc. for emergency water damage cleanup. The Amendment adds \$300,000, for

a total amended contract amount not to exceed \$950,350.

## **POLICY MATTERS**

### **7. ITEM III-A: OCR UPDATE**

Mr. Ferguson and Ms. Adams presented an OCR Update, a copy of which is attached to and incorporated in these Minutes as Exhibit C. Mr. Ferguson noted that Work Package 4 is nearly complete, and that a problem with the concrete in one pillar of the parking garage has been resolved and will not occur again, due to the corrective action taken. Mortenson has been asked to provide a complete formal recovery schedule so that this problem does not result in construction delays. Since the last update, \$117,000 of the Owner's Unallocated Contingency was spent, with \$94,000 of that being spent on a restacking exercise for the Administration Building. It is expected that contaminated soil will be found to the north and south of the Three Stone Building as renovations begin.

Ms. Adams noted that work by the MWBE design consultants is nearly complete, with Ambient Energy remaining to the end of the project. MWBE construction participation continues to exceed the goal of 18%. She demonstrated examples of the public art that will be in the Administration Building and throughout the campus, and noted that the team will work with NINE dot ARTS to identify and recommend pieces of art to the OCR leadership team.

### **8. ITEM III-B: PRELIMINARY FIVE-YEAR FINANCIAL PLAN**

Mr. Davis presented the Preliminary 5-Year Financial Plan, a copy of which is attached to and incorporated in these Minutes as Exhibit D. The Plan includes a three percent annual revenue adjustment over the five-year period, which under current assumptions will allow Denver Water to maintain its fiscal health, without the need for higher rate increases. It also proposes to change the rate implementation date from March 1 to January 1, which will allow for 12 full months of each rate adjustment, be more in line with budget processes and provide more clarity for customers and Distributors. The Plan assumes a 2018 year-end cash balance of \$330 million, salary and benefit increases consistent with 2018 levels, water demand based on the five-year average, strong economic and SDC revenue growth, updated costs for the Northwater Treatment Plant and Gross Reservoir Expansion projects, and a 4.25%, 30-year bond assumption. He recommends a five-year cash draw down with the 3% annual rate adjustments, and projects that Denver Water will issue \$660 million in debt.

The Board gave tacit approval for rate calculations based upon this Plan. A final version will be presented to the Board in September.

#### **9. ITEM III-C: PUREWATER SUMMARY**

Ms. Antolovich presented a summary of the PureWater Colorado Demonstration Project, a copy of which is attached to and incorporated in these Minutes as Exhibit E. She said that Denver Water had the privilege of participating in this multi-year project by partnering with water industry leaders, water utilities, consultants, NGO's and water industry associations, in an effort to educate stakeholders and the public about the process and benefits of recycling wastewater, treating it to high standards, and providing potable reuse drinking water. The goal is to develop support for this concept so that regulations and policies can be developed at the municipal and state level and be in place, should implementation be necessary.

Ms. Dudas gave each Commissioner a can of the beer brewed with recycled water, and developed to help celebrate Denver Water's centennial anniversary. Proceeds from the sale of this beer will be used to fund scholarships for students interested in studying water reuse.

Ms. Antolovich thanked the Denver Water Project team, including Ms. Dudas, Mr. Snyder, Mr. Johnson, Ms. Cocleasure, Ms. Parker and Ms. Chesney, and thanked the e-team and Board for their support and vision in supporting recycled water.

#### **10. ITEM III-D: COLORADO RIVER EXHIBIT**

Mr. Lochhead reported that Denver Water has been invited to co-sponsor a Colorado River Traveling Exhibition, and shared information about the project. A copy of his presentation is attached to and incorporated in these Minutes as Exhibit F. This will be a five-year, 7,500 square foot travelling exhibit designed to inform the public about the Colorado River, and to inspire a relationship to and responsibility for the scarce and diminishing resource. The proposed budget of approximately \$5.5 million will be funded by a combination of grants, major employers with giving programs and organizations including: Central Arizona Water Conservation District, the Colorado Water Conservation Board, the Colorado River Board of California Six Agency Committee, the Metropolitan Water District of Southern California, the Springs Preserve Foundation, the Southern Nevada Water Authority, the Utah Division of Water Resources, and the Wyoming State Engineer's Office.

The Exhibition is expected to travel to museums in 15 cities amongst the Upper and Lower Basin states. Denver Water will contribute \$200,000 to the project over a four-year period.

## EXECUTIVE UPDATE

### 11. ITEM IV-A: CEO UPDATE

Mr. Lochhead reported that he signed a Memorandum of Understanding with the Colorado Department of Public Health and Environment, which allows for time and study of the use of orthophosphate treatment as optimum corrosion control, to avoid the release of lead from lead service lines. The studies to be conducted under the MOU could, but are not guaranteed to, lead to a modification of the CDPHE order for Denver Water to implement orthophosphate treatment by 2020.

He also reported that since the time that Denver Water and the Upper Colorado River Commission sent a strongly worded letter to the Central Arizona Project, they have begun a process of working toward a drought contingency plan. As part of the plan, Lower Basin states will contribute additional water to Lake Mead, in addition to taking shortages already established. The Upper Basin states are working on a drought plan as well. One aspect is an agreement with the Secretary of the Interior to move water from initial CRSP reservoirs to Lake Powell, as it reaches certain critical elevations. Another aspect is a demand management program to reduce demands in the Upper Basin as Lake Powell reaches critical elevations. The goal is to deliver the plans by Labor Day, to obtain approval from various entities and be finalized by the end of 2018. Approval by the Arizona legislature and U.S. Congress will be necessary, for implementation by the Secretary of the Interior in 2019.

Finally, Mr. Lochhead invited the Board to participate in Denver Water's employee appreciation event on July 26<sup>th</sup>.

### 12. ITEM IV-B: CFO UPDATE

Ms. Bricmont reported that her staff is working toward the second quarter reforecast, and that year-to-date, revenues are running seven percent ahead of budget.



**13. ITEM IV-C: OPERATIONS UPDATE**

Mr. Elder presented the Board with a Water Supply Update, a copy of which is attached to and incorporated in these Minutes as Exhibit G. He said that recent storm activity has alleviated some dry conditions and that Denver Water’s reservoir storage is currently 93%. He expects those levels to be within the normal range of 75%-85% in spring 2019. The weather has been hotter and drier than normal, causing an impact on demand and fisheries. The drought committee will continue to monitor conditions and provide the Board with updates.

**ADJOURNMENT**

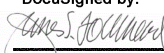
No further business appearing, the Board voted unanimously to adjourn into an Executive Session at approximately 11:05 a.m.

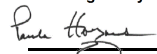
**Executive Session**

On Wednesday, July 25, 2018, commencing approximately at 11:55 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)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 11:55 a.m.

DocuSigned by:  
  
 \_\_\_\_\_  
 Secretary

DocuSigned by:  
  
 \_\_\_\_\_  
 President