

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Open Session

October 10, 2012

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, October 10, 2012 beginning at 9:16 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

H. Gregory Austin, President
Thomas A. Gougeon, Vice President
Paula Herzmark, Vice President
Penfield W. Tate, III, Vice President

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

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| J. S. Lochhead, CEO/Manager | P. L. Wells, General Counsel |
| A. C. Bricmont, Director of Finance | G. Fisher, <i>Acting</i> Director of Planning |
| S.C. Covington, Director of Public Affairs | J.A. Anderson, Director of Customer Relations |
| T. Roode, Director of Operations and Maintenance | R. J. Mahoney, Director of Engineering |
| C. R. Dermody, Director of Information Technology | C. Elam-Floyd, Director of Human Resources |
| P. A. Carey, Manager of Purchasing and Contracting | U. Sharma, Treasurer |
| T. L. McGuire-Collier, Manager of Media Relations | P. B. Coleman, Chief Internal Auditor |
| M. L. Walker, Attorney | K. L. Ross, Engineer |
| A. S. Turney, Chief of Distribution and Property Management | Z. D. Campbell, Manager of Water Quality and Environmental Compliance |
| S. L. Chesney, Manager of Media and Executive Communications | D. M. Hamm, Staff Analyst |

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| S. N. Niemi, Rate Analyst | S. A. Miller, Manager of Health Care and Benefits Administration |
| A. J. Chavez, Staff Analyst | J. S. Walker, Contracts Supervisor |
| R. A. Slade, Planner | M. Garcia, Jr., Engineer |
| P. J. McCormick, Engineer | M.E. Elliott, Assistant Director of Public Affairs – Government, Stakeholder Relations and Conservation |
| R. A. Wirth, Supervisor of Treasury Operations | A. H. Aslamy, Treasury Analyst |
| A. Savard, Administrative Assistant, Engineering | P. Hahler, Administrative Assistant, Human Resources |
| T. E. Lowe, Manager of Sales Administration | M. T. Reiss, Administrative Assistant, Public Affairs |
| J. H. Graves, Jr., Office Management Assistant | T. Cristiano, Manager of Rate Administration |
| B. Peters, Water Resource Engineer | E. L. Urban, Engineer/Systems Tech |
| D. Kennedy, Environmental Scientist | C. N. Piper, Intergovernmental Affairs Coordinator |
| V. L. Nealey, Office Management Assistant | J. J. Bogner, Treasury Analyst |
| K. M. Rahill, Paralegal | J. C. Huerta, Customer Care Specialist |
| K. Burkhart, Internal Communications | Clare Harper, United States Forest Service |
| Dean Wall, Captain, West Metro Fire Department | |

Commissioner Austin called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, Commissioner Lucero was found to be absent for substantial cause and was excused.

Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Regular Meetings of September 12 and September 26, 2012 was dispensed with and such Minutes were approved.

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Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Sessions of September 11, 12 and September 26, 2012 were approved.

Public Comment

Commissioner Austin invited members of the public to comment to the Board on any matters not included in the Agenda for the meeting. There was no response.

Introduction of Employees

Mr. Roode introduced Zeke Campbell, newly appointed Manager of Water Quality Control and Environmental Compliance.

Ceremonies

Ms. Urban reported that employees of Denver Water had participated in both the Colfax Marathon and the Dragon Boat Festival. Denver Water fielded 3 teams in the Colfax Marathon. Ms. Urban explained the Women's Team improved their time by 15 minutes over last year's elapsed time and placed 2nd. Denver Water's men's teams placed 2nd and 11th. More than 50 teams participated in the event. The top 3 teams in each category were awarded prize money. Ms. Urban explained the Denver Water team members unanimously agreed to donate their prize money to the West Metro Fire Rescue Foundation.

Captain Dean Wahl of the West Metro Fire Department was introduced and spoke briefly regarding the work of the West Metro Fire Rescue Foundation. Captain Wahl thanked the team members for their generous donation and explained the money would go toward the purchase of new radios used by firefighters involved in the wild land fire efforts and for fire prevention activities directed to children and seniors.

On behalf of the Board, Commissioner Austin, thanked Captain Wahl for attending the meeting and for his comments.

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Ms. Urban then introduced Juan Huerta, captain of Denver Water's 2012 Dragon Boat team. Mr. Huerta reported that members of the Dragon Boat team came from all departments of Denver Water and, for the second year in a row, took 1st Place in the competition. Mr. Huerta presented the 1st Place trophy to Commissioner Austin.

Members of the Dragon Boat team and the Colfax Marathon teams were asked to stand and were recognized. The employees who participated in the Colfax Marathon and the Dragon Boat competition are set forth on the attached Exhibit "A."

The Commissioners thanked the employees for their positive representation of Denver Water and for their generous contribution to the West Metro Foundation.

Ms. Elam-Floyd reported that Denver Water placed second in the annual survey by the Denver Business Journal and Healthiest Employer LLC for wellness activities of Denver Area employers with more than 1000 employees. Ms. Elam-Floyd introduced members of the Wellness Committee who were in attendance and explained some of the activities that the Committee had developed for employee participation.

The Commissioners thanked the employees for their efforts and noted the positive results of the wellness program.

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 V-A-1: HUMAN RESOURCE CHANGES**

Approved the human resource changes set forth in Agenda Item V-A-1 dated October 10, 2012, a copy of which is attached to and incorporated in these Minutes as Exhibit "B."

2. **ITEM V-A-2: EMPLOYEES ELIGIBLE FOR REGULAR STATUS**

The following employees were classified as regular employees of the Board, with all rights and privileges thereof, effective **October 1, 2012**, unless otherwise noted:

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| Employee Name | Employment Date | Retirement Plan Participation Date <small>Unless otherwise noted^</small> | Division/Section |
|----------------------|------------------------|---|---|
| Haas, Ryan R. | 2012/03/05 | 2012/03/05 | Engineering Division Construction Project Mgt, #271 |
| Brinker, Darren J. | 2012/03/14 | 2012/03/14 | Engineering Division Dam Safety, #214 |
| Walker, James S. | 2012/03/27 | 2012/03/27 | Finance Division Purchasing, #130 |
| Blake, Todd A.^ | 2011/03/29 | 2012/03/31 ^Exclude prior service as Temporary Status 3/29/2011 to 3/30/2012 | Information Technology Division, #160 |
| Buswell, Allen D. | 2012/03/14 | 2012/03/14 | Information Technology Division, #160 |
| George, Laura M.^ | 2010/05/11 | 2012/03/17 ^Exclude prior service as Temporary Status 5/11/2010 to 3/16/2012 | Public Affairs Division Communications and Marketing #021 |
| Rhodes, Jenelle L. | 2012/04/03 | 2012/04/03 | Public Affairs Division Conservation, #022 |
| Yagi, Reyna | 2012/04/03 | 2012/04/03 | Public Affairs Division Conservation, #022 |

3. ITEM V-A-3: AGREEMENT FOR RETAIL LOCKBOX SERVICES

Approved entering into a contract with UMB Bank Colorado, NA to provide lockbox and payment processing services through December 31, 2015, at a cost not to exceed \$900,000.

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4. ITEM V-A-4: CONTRACT FOR RESILIENT SEATED GATE AND TAPPING VALVES

Authorized award of a contract to Mueller Company, Ltd., to supply Denver Water's requirements of resilient seated gate and tapping valves for the term November 1, 2012 through October 31, 2014, at a cost not to exceed \$900,000.

5. ITEM V-A-5: CONTRACT FOR AIR RELEASE AND VACUUM BREAK VALVES

Authorized award of a contract to Ferguson Enterprises, Inc. to supply Denver Water's requirements of air release and vacuum break valves for the term November 1, 2012 through October 31, 2014, at a cost not to exceed \$225,000.

6. ITEM V-A-6: CONTRACT EXTENSION WITH EDP RECRUITING SERVICES FOR PROJECT MANAGEMENT SERVICES

Approved extension of the January 9, 2008 contract with EDP Recruiting Services, Inc. (Contract No. 11489A), to provide the services of Vic Alejandro to fill a core project manager position in the Information Technology Division, at a cost of \$75 per hour through December 2013 or when the position is filled by a regular employee, whichever occurs first, at an additional cost of \$140,000, and a total contract not to exceed \$637,800.

7. ITEM V-A-7: SECOND AMENDMENT TO AGREEMENT WITH TOWN OF DILLON FOR AQUATIC NUISANCE SPECIES INSPECTION SERVICES

Authorized the Second Amendment to the June 2, 2008, Agreement with the Town of Dillon (Contract No. 11755A) to provide aquatic nuisance species inspection services through the 2012 boating season for an additional \$11,000 and a total amended agreement amount not to exceed \$118,000, all as more specifically provided in the Second Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "C."

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8. **ITEM V-A-8: DECLARATION OF SURPLUS PROPERTY AND DELEGATION OF AUTHORITY REGARDING THE 69TH WAY PROJECT**

Determined that three parcels of property totaling approximately 3.23 acres located in the Northwest Quarter of Section 1, Township 3 South, Range 68 West of the 6th Principal Meridian in Adams County, Colorado, and as more specifically described on the drawing which is attached as Exhibit "D", no longer useful or required for present or future water works purposes and determined that such property could be considered as surplus.

Additionally, the Commissioners delegated authority to the CEO/Manager to enter into agreements necessary for the 69th Way Project including: a Subdivision Plat for the proposed Welby Reservoir Subdivision; Intergovernmental Agreements with Adams County and North Washington Water & Sanitation District; a line relocation agreement with Xcel; agreements with adjacent property owners necessary for the project; and purchase and sale agreements for the exchange/sale of parcels 1 and 2 for cash and an adjacent parcel of property.

Katie Ross provided a short overview of the location of the South Reservoir Complex, the basis for both the request to declare three specified parcels surplus and the need for construction of 69th Way. Ms. Ross explained the proposed project came about when Denver Water began discussions with Adams County regarding the possible dedication of a public right-of-way which would provide access both to Welby Reservoir (formerly known as Cat Lake) and to adjacent private property owners. Construction of the public street will require relocation of water lines and a gas line. Ms. Ross outlined the next steps to be taken by Denver Water staff, including finalization of a plat for the Welby Reservoir subdivision; finalization of Intergovernmental Agreements (IGA) with Adams County and North Washington Water & Sanitation District; agreements with adjacent property owners regarding the subdivision; and an agreement for the exchange/sale of parcels 1 and 2 to an adjacent property owner for cash and a parcel of property to be used by Denver Water for reservoir purposes. Ms. Ross commented that the 69th Way Project is one of several projects necessary for completion of the South Reservoir Complex. Periodic reports of project progress will be provided to the Board.

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9. **ITEM V-A-9: CONTRACT FOR THE HIGHLANDS RESERVOIR AND PUMP STATION VALVE INSTALLATION PROJECT**

Authorized award of a contract to Garney Companies, Inc., for the "early work" necessary for the Highlands Reservoir and Pump Station Valve Installation Project, at a cost to the Board of \$983,000.

10. **ITEM V-A-10: CONTRACT FOR THE KENDRICK RESERVOIR TANK REHABILITATION PROJECT**

Authorized award of a contract to Western Waterproofing Company, Inc., for the Kendrick Reservoir Tank Rehabilitation Project at a cost to the Board of \$521,578.17.

11. **ITEM V-A-11: CONSTRUCTION CONTRACT WITH WESTERN SUMMIT CONSTRUCTORS, INC. FOR THE ASHLAND RESERVOIR TANK REPLACEMENTS**

Authorized award of a contract to Western Summit Constructors, Inc., for "General Condition Costs" at a cost of \$3,483, 518 pursuant to the September 14, 2011 contract (Contract 14063A) for the Ashland Reservoir Tank Replacement Project.

12. **ITEM V-A-12: TASK ORDER AGREEMENT WITH HATCH MOTT MACDONALD FOR CONSTRUCTION MANAGEMENT INSPECTION SERVICES FOR THE 2012/2013 VAULT MODIFICATION PROJECT**

Authorized entering into Task Order Agreement 14325B with Hatch Mott MacDonald for construction management inspection services at a cost of \$200,100 for the 2012/2013 Vault Modification Project, all as more particularly described in the Task Order, a copy of which is attached to and incorporated in these Minutes as Exhibit "E."

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**13. ITEM V-A-13: RATIFICATION OF CONSTRUCTION CONTRACT
CHANGE ORDERS AND AMENDMENTS TO AGREEMENTS**

Ratified Construction Contract Change Orders and Amendments to Agreements authorized by the CEO/Manager in the period August 2012 through September 2012 as follows:

Change Order No. 12 to Contract 11596A with Moltz Civil LLC for the Williams Fork Small Hydro/Outlet Works Project;

Change Order No. 3 to Contract 13099A with Moltz Constructors, Inc., for the Cheesman Upstream Control Phase 2 Project;

Change Order No. 3 to Contract 13325A with Stanek Constructors, Inc., for the Broomfield Pump Station Modification Project;

Amendment No. 2 and Change Order No. 3 to Contract 13327A with Gracon Corporation, Inc., for the Dillon Dam Outlet Works gate repairs;

Change Order No. 2 to Contract 13492A with Interstate Highway Constructors, Inc., for the construction of vault improvements at the Taxiway AA at Denver International Airport;

Change Order No. 2 to Contract 13852A with Restruction Corporation for the Moffat Treatment Plant – Structural Improvements Project;

Fifth Amendment to Agreement 12928A with BAB Associates, PC/Architects, for the Antero/Ralston Dam and Reservoir Caretaker House design;

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First Amendment to Task Order Agreement 11136O with Shannon & Wilson, Inc., for geotechnical baseline reports for Conduit No. 308;

Third Amendment to Construction Management Task Order Agreement 13032C with AECOM Technical Services, Inc., for the Dillon Dam Outlet Works Gate Repairs; and

Eighth Amendment to Agreement 12206A with the Confluence Group LLC to provide additional support for the Board's Mobile Workforce Management System,

all as more particularly described in the attachment to Agenda Item V-A-13, a copy of which is attached to and incorporated in these Minutes as Exhibit "F."

14. **ITEM V-B-1: PERSONNEL POLICY CHANGE — CHAPTER 5**

Approved revision to Personnel Policy 5-1-(6), Bidding During the Introductory Period, to permit introductory status employees to bid on Denver Water openings. Section 5-1-(6), as revised, to provide as follows:

5-1-(6) Bidding During the Introductory Period. Introductory employees may bid on Denver Water positions. An Introductory employee who successfully bids on a new position must serve an introductory period in the new position of at least six months.

Ms. Elam-Floyd explained the policy had been in place since the 1990s and the modification would be of benefit to Denver Water.

15. **ITEM V-E-1: COLLECTION AGREEMENT WITH UNITED STATES FOREST SERVICE FOR FOREST TREATMENTS ON NATIONAL FOREST LAND IN DENVER WATER'S WATERSHEDS**

Pursuant to the terms of a July 2010 Memorandum of Understanding with the U.S. Forest Service (Contract No. 14514A), authorized entering into a Collection Agreement in the form of Exhibit "G" attached to and incorporated

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in these Minutes, committing \$3,183,838 during federal fiscal years 2013 and 2014 for project implementation of an additional 3,872 acres of forested area in Denver Water's priority watersheds, all as more particularly described in the Agreement.

Mr. Kennedy introduced Clare Harper of the U.S. Forest Service.

Mr. Kennedy provided an update of the five year project to reduce the amount of hazardous fuel and biomass in watersheds critical to Denver Water's operations. The work under the first two Collection Agreements exceeded the original goal for acreage to be treated. The work included in the third Collection Agreement will be undertaken over a two-year period, subject to authorization of a matching amount of \$4.69 million by the U.S. Forest Service.

In response to questions from the Commissioners, Ms. Harper explained the Regional Forester had given the go-ahead to the Forest Service to move forward with the work plan covered by the third Collection Agreement in anticipation of the appropriation of the necessary funds by the Congress. Ms. Harper explained a portion of the timber removed from West Slope forests had been sold, but finding a market for the timber on the Front Range had proved to be more difficult. The Commissioners stressed the need to negotiate the lowest possible cost with the proposed contractors.

16. **ITEM VI-B-1: DISCUSSION AND INFORMATION: REVIEW OF PROPERTY BURDENS AND DISPOSALS 3RD QUARTER 2012**

The Commissioners received the Third Quarter report of Property Burdens and Disposals, a copy of which is attached to and incorporated in these Minutes as Exhibit "H."

17. **ITEM VI-B-2: DISCUSSION AND INFORMATION: 2012 ("ON-CALL") GENERAL ENGINEERING AND CONSTRUCTION MANAGEMENT SERVICE CONTRACTS**

The Commissioners received a tabulation of contracts entered into under On-Call General Engineering Design Services and Construction Management

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Services Contracts for the period January 2012 through September 2012, a copy of which is attached to and incorporated in these Minutes as Exhibit "I."

18. **ITEM VI-B-3: DISCUSSION AND INFORMATION: MUSEUM OF NATURE AND SCIENCE RECYCLED WATER ISSUES**

Katie Ross presented an overview of a ground-source heat pump project being constructed by the Denver Museum of Nature and Science and its proposed use of recycled water. Ms. Ross explained the Education and Collection Facility addition to the Museum is under construction. The Museum was awarded a \$2.6 million federal grant for geothermal technology research which would integrate a ground-source heat pump system designed for heating and cooling with the Recycled Water System, which would be used as either a heat source or a sink. The proposed project would include construction of two parallel eight-inch lines, each approximately 3,000 feet long. Water would be diverted from Denver Water's recycled Conduit 304 on the City Park Golf Course, north of the Zoo and piped to the Museum property through the eight-inch supply line and returned back to Conduit 304 through the eight-inch return line. The Museum will be responsible for construction of the project. The two conduit taps will be constructed by Denver Water at the expense of the Museum. Ms. Ross commented on the regulations and inspections necessary for construction of the project and explained Denver Water was currently reviewing the project plans. Ms. Ross commented on the proposed rate structure and explained that agreements with the Museum were anticipated to be brought to the Board for approval at the November Board Meeting.

The Commissioners discussed the possible need for a meter on the return line to assure that there is no consumption. In response to questions from the Commissioners, Mr. Roode explained there was no promise of flow rate, water availability or temperatures in the recycled water line and the Museum had been specifically warned that disruptions of deliveries from the recycled system would occur.

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19. ITEM VI-F-1: DISCUSSION AND INFORMATION: STATUS OF THE INVESTMENT PORTFOLIO

The Commissioners received the report, "Denver Water Investment Portfolio as of September 30, 2012" as set forth in Agenda Item VI-F-1 dated October 10, 2012, a copy of which is attached to and incorporated in these Minutes as Exhibit "J."

20. ITEM VI-F-2: DISCUSSION AND INFORMATION: DENVER WATER EMPLOYEES' RETIREMENT PLAN TRUST FUND MONTHLY PERFORMANCE SNAPSHOT

The Commissioners received the August 2012 Denver Board of Water Employees' Retirement Trust Fund Monthly Performance Snapshot, a copy of which is attached to and incorporated in these Minutes as Exhibit "K."

21. ITEM VI-F-3: DISCUSSION AND INFORMATION: NEW CONTRACT SUMMARY

The Commissioners received the Summary of Contracts entered into the Third Quarter 2012 under the authority delegated to the CEO/Manager, a copy of which is attached to and incorporated in these Minutes as Exhibit "L."

22. ITEM VI-F-5: DISCUSSION AND INFORMATION: BUDGET STATUS REPORT

The Commissioners received the Budget Status Summary for the period ending September 30, 2012, a copy of which is attached to and incorporated in these Minutes as Exhibit "M."

23. ITEM VI-F-6: DISCUSSION AND INFORMATION: DISCUSSION AND INFORMATION: VARIANCE REPORT

The Commissioners received an explanation of October 10, 2012 Board Items identified as a variance from the original budget, a copy of which is attached to and incorporated in these Minutes as Exhibit "N."

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24. **ITEM VI-G-1: SCHEDULING OF FUTURE BOARD MEETINGS**

The Board confirmed a Study Session will take place on **Wednesday, October 24, 2012**, at **9:00 a.m.** in the Board Room, Room 309, 1600 W. 12th Avenue, Denver, Colorado. The topics to be discussed will be posted prior to such meeting. A portion of the meeting will take place in Executive Session.

The Board confirmed a Regular Meeting would take place on **Wednesday, November 14, 2012**, at **9:00 a.m.** in the Board Room, Room 309, 1600 W. 12th Avenue, Denver, Colorado.

No further business appearing, the Board voted unanimously to adjourn into Executive Session at approximately 10:25 a.m.

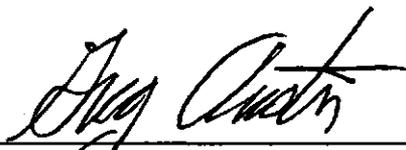
EXECUTIVE SESSION

On Wednesday, October 10, 2012, commencing approximately at 10:34 a.m. in the Manager's Office, located in the Administration Building, 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. Confidential under Federal or State Law § 24-6-402(4)(c)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 11:34 a.m.


Secretary


President