

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

OPEN SESSION

September 11, 2013

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, September 11, 2013, beginning at 9:15 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
John R. Lucero, First Vice President
Thomas A. Gougeon, Vice President
Penfield W. Tate, III, Vice President

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

B.D. Good, <i>Acting</i> CEO/Manager	P.L. Wells, General Counsel
A.C. Bricmont, Director of Finance	P. Daukas, <i>Acting</i> Director of Planning
S.C. Covington, Director of Public Affairs	J.A. Anderson, Director of Customer Relations
R.J. Mahoney, Director of Engineering	T.J. Roode, Director of Operations and Maintenance
C. Elam-Floyd, Director of Human Resources	C.R. Dermody, Director of Information Technology
M.K. Frishman, Attorney	P.A. Carey, Manager of Purchasing and Contracting
T. Cristiano, Manager of Rate Administration	P.B. Coleman, Chief Internal Auditor
T. Bryant, Controller	S.L. Chesney, Manager of Media and Executive Communications
D.M. Hamm, Staff Analyst	T. Thompson, Media Relations Coordinator
T.E. Lowe, Manager of Sales Administration	M. Price, Division Office Business Manager
J.S. Walker, Contracts Supervisor	C. Piper, Intergovernmental Affairs Coordinator
T. Segura, Budget Analyst	

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R. Wirth, Supervisor of Treasury Operations	A. Pokua-Nuako, Finance Analyst
S. Kahler, Accountant	D. Judd, Manager of Asset Recording Group
D. Shable, Engineer	C. Martinez, IT Senior Application Developer
D. Jabin, Engineer	B. Balley, Engineer
M. Aragon, Customer Service Field Manager	K. Sparrow, Engineer
J. Figurelli, Budget Analyst	T. Bray, Environmental Scientist
C.S. Funk, Attorney	S. Snyder, Special Projects Coordinator
R. Slade, Planner	K. Balu, Contract Specialist
L. Dennis, Engineer	S.A. Miller, Manager of Health Care and Benefits Administration
A. Song, Engineer	V. Nealey, Office Management Assistant
B. Peters, Water Resource Engineer	G. Moore, Engineering Specialist
L. Dirks, Water Resource Engineer	C. Cervantez, Contract Specialist
A. Rettig, Treasury Analyst	J. Tejral, Manager of Water Conservation
K. Rahill, Contract Paralegal	J. Shaw, Conservation Specialist
K. Petrik, Chief of Construction Management	T. Clark, Planner
Megan Mahncke, History Colorado	Jon Faurot, Boulder resident
Colleen Magovian, History Colorado	Pat Fitzgerald, Platte Canyon Water and Sanitation District
Kathryn Hill, History Colorado	Bruce Halloran, Colorado Water Savers
Ed Nichols, History Colorado	Gordon Loui, Kaiser Permanente
Andrea Dowdy, Colfax Marathon	Janie Gianotsos, Food Bank of the Rockies
Creigh Kelley, Colfax Marathon	

Commissioner Austin called the meeting to order.

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

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Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Regular Meetings of August 14, 2013, and August 28, 2013, was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Sessions of August 13, 2013, August 14, 2013, and August 28, 2013, were approved.

Public Comment

Commissioner Austin issued an invitation to members of the public to comment to the Board on any matters not included in the Agenda for the meeting.

Mr. Faurot spoke regarding Denver Water's plans to expand Gross Reservoir. He resides near and owns two other properties near the north shore of the reservoir. Mr. Faurot expressed his concern with the City of Arvada's participation in the project. He proposed that more reservoir storage on the West Slope would assist the West Slope through drought and could provide for the additional demand to be provided through the expansion of Gross Reservoir. Mr. Faurot also suggested maximizing conservation and reuse and controlling the state's population growth to reduce demand on the state's water supplies. He opined the Gross Reservoir expansion would destroy the local residents' reasons to live there, would cause home values to plummet, and would result in residents moving from the area. Lastly, Mr. Faurot proposed that the planned test quarry for the project and the eventual raised dam and spillway be located 30 feet below the currently proposed elevation in order to maintain the area residents' views and landscape.

Commissioner Austin indicated the Board has wrestled with some of the same issues regarding the project that Mr. Faurot identified. He said the Board is making optimum efforts to avoid disturbing the way of life and property interests of residents in the Gross Reservoir area. Commissioner Austin also noted the Board will consider ideas to achieve that balance but that the Board cannot promise to implement those ideas.

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Ceremonies

Representatives of the Colfax Marathon and Kaiser Permanente presented \$3,000.00 to the Food Bank of the Rockies, which Denver Water's men's and women's Colfax Marathon Government Cup teams selected as the recipient of their winnings. Mr. Peters and Mr. Slade represented the men's team. Ms. Dennis, Ms. Song, Ms. Rahill, and Ms. Martinez represented the women's team. Each team came in third in its respective division of the Government Cup. The money provided to the Food Bank of the Rockies will pay for 12,000 meals.

Commissioner Tate thanked the teams for representing Denver Water in the marathon.

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 RESOURCES CHANGES**

Approved the human resources changes set forth in Agenda Item V-A-1 dated September 11, 2013, which is attached to and incorporated in these Minutes as Exhibit "A."

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 September 1, 2013, unless otherwise noted:

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Employee Name	Employment Date	Retirement Plan Participation Date <i>Unless otherwise noted^</i>	Division/Section
Schulz, Lyndsay A.	2013-02-19	2013-02-19	Customer Relations Division QA & Reporting, #463
Caceres, Carlos R.	2013-02-11	2013-02-11	Engineering Division Survey Office Tech, #242
Palladino, David A.	2013-02-25	2013-02-25	Information Technology Division Enterprise Content Management, #168
Humbert, Christopher J.	2013-02-19	2013-02-19	Operations and Maintenance Division Foothills, #610
McCarroll, Meghan J.	2013-02-11	2013-02-11	Operations and Maintenance Division Recycled Water Plant, #650

3. ITEM V-A-3: PERSONNEL POLICIES CHANGES

Approved amendments to the Personnel Policies, in Chapters 2, 3, and 14, as a result of Colorado's adoption of the Colorado Civil Union Act and the U.S. Supreme Court's overturning of the federal Defense of Marriage Act. The changes to the policies ensure that employees who are parties to civil unions are treated equally to employees in traditional marriages. The revised sections of the policies are attached to and incorporated in these Minutes as Exhibit "B."

The Board also approved offering spousal life insurance coverage to parties to a civil union and to domestic partners.

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**4. ITEM V-A-4: CONTRACTS SCHEDULED TO RENEW AND/OR
REQUIRE ADDITIONAL FUNDING IN THE FOURTH QUARTER OF 2013**

Authorized renewal, additional funding, or extension of the following annual contracts:

Contract 07937A with Bank of New York for a Custody Agreement for the period November 1, 2013, through October 31, 2014, at an additional cost of \$8,000.00;

Contract 05261A with Informatica Corporation for data analysis software for the period January 1, 2014, through December 31, 2014, at an additional cost of \$33,000.00;

Contract 05392A with LabWare Inc. for LIMS software for the period October 20, 2013, through October 20, 2014, at an additional cost of \$61,000.00;

Contract 11358B with TIBCO Software Inc. for BPM and EAI software for the period November 14, 2013, through November 14, 2014, at an additional cost of \$69,000.00;

Contract 10061A with Dataflux Corporation LLC for Power Profile software and maintenance for the period January 1, 2014, through December 31, 2014, at an additional cost of \$11,000.00;

Contract 04953A with JD Edwards (ORACLE) for OneWorld software for the period January 1, 2014, through December 31, 2014, at an additional cost of \$161,000.00;

Contract 11424A with Iconics for Genesis 32 and BizViz (SCADA) for the period January 1, 2014, through December 31, 2014, at an additional cost of \$110,000.00;

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Contract 08046A with Hewlett-Packard for Exstream Dialogue for the period January 1, 2014, through December 31, 2014, at an additional cost of \$70,000.00; and

Contract 11431A with ORACLE Corporation for CC&B license and support (CIS) for the period January 1, 2014, through December 31, 2014, at an additional cost of \$268,000.00,

all as more particularly described in the attachment to Agenda Item V-A-4, dated September 11, 2013, a copy of which is attached to and incorporated in these Minutes as Exhibit "C."

5. **ITEM V-A-5: CONTRACT FOR REPLACEMENT OF MOTOR CONTROLLERS AT WEST BELLEVIEW PUMP STATION**

Authorized award of Contract 15021A to Schneider Electric for replacement of motor controllers at West Belleview Pump Station for the contract period August 14, 2013, through March 28, 2014, for a total contract amount not to exceed \$179,895.00.

6. **ITEM V-A-6: ADDITIONAL FUNDS FOR ERTs AND REGISTERS**

Authorized the First Amendment to Contract 14919A with National Meter and Automation, Inc., for Encoder Receiver Transmitters (ERTs) and registers, for additional funds of \$3,000,000.00 and a total amended contract amount not to exceed \$3,100,000.00. The amendment is attached to and incorporated in these Minutes as Exhibit "D."

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7. ITEM V-A-7: CONTRACT FOR THE STRONTIA SPRINGS DAM VALVE HOUSE ROOF REPLACEMENT, CHEESMAN DAM VALVE HOUSE ROOF REPLACEMENT, AND HILLCREST HYDROELECTRIC POWERHOUSE ROOF REPLACEMENT

Authorized entering into Contract 14895A with Weathercraft of Colorado for the Strontia Springs Dam Valve House Roof Replacement, Cheesman Dam Valve House Roof Replacement, and Hillcrest Hydroelectric Powerhouse Roof Replacement Project, for a total contract amount not to exceed \$143,480.00, based on the schedules shown in the tabulation of proposals attached to and incorporated in these Minutes as Exhibit "E."

8. ITEM V-A-8: CONTRACT FOR THE MOFFAT TREATMENT PLANT HIGH-RESISTANCE GROUNDING REPAIR

Authorized entering into Contract 14868A with McDade-Woodcock, Inc., for the Moffat Treatment Plant High-Resistance Grounding Repair Project for a total contract amount not to exceed \$269,414.00.

9. ITEM V-A-9: 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 July 2013 through August 2013 as follows:

Change Order No. 15 to Contract 11596A with Moltz Civil, LLC, for the Williams Fork Small Hydro/Outlet Works;

Change Order No. 2 to Contract 14508A with Restruction Corporation for the 2012 Williams Fork Dam Spillway and Powerhouse Access Road Repairs;

Third Amendment to Agreement 13599A with Waxie Janitorial Supplies for janitorial supplies; and

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First Amendment to Agreement 14172A with John and Charlotte Daus for the Ashland Reservoir Fuel Tanks,

all as more particularly described in the attachment to Agenda Item V-A-9, which is attached to and incorporated in these Minutes as Exhibit "F."

10. ITEM V-A-10: ADDITIONAL FUNDS FOR BORING SERVICES

Authorized additional funds of \$75,000.00 for Contract 13179A with Drill Tech Directional Services, Inc., for boring services, for a total amended contract amount not to exceed \$175,000.00.

11. ITEM V-E-1: CUSTOMER BILL-PRINTING SERVICES

The proposed Contract 14095A with One2One Communications, LLC, for customer bill-printing services failed on a vote of 2-1.¹

12. ITEM V-E-2: RUEDI INSURANCE WATER COST PARTICIPATION AGREEMENTS

Authorized the CEO/Manager to execute six Ruedi Insurance Water Cost Participation Agreements for the partial reimbursement of monies paid by Denver Water for the permanent delivery of 2,000 acre-feet of water from Ruedi Reservoir for the Recovery Implementation Program of the Endangered Fish Species in the Upper Colorado River Basin. The total amount the other East Slope entities will reimburse to Denver Water is \$1,988,517.41.

¹ Commissioner Tate was not present for the vote on this Agenda Item.

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13. **ITEM V-E-3: CONSTRUCTION CONTRACT WITH M.A. MORTENSON COMPANY FOR FOOTHILLS TREATMENT PLANT 2013-2014 PROJECTS**

Authorized entering into Contract 14977A, for a total contract amount not to exceed \$4,000,000.00, with M.A. Mortenson Company for the Foothills Treatment Plant 2013-2014 Projects, including the CMAR Base Contract – General Conditions and seven Work Packages for the expenditures described in Table 1 attached to Agenda Item V-E-3, which is attached to and incorporated in these Minutes as Exhibit “G.” The Engineering Division will report to the Board on the progress of the Work Packages and any exceedances of the amounts listed in Table 1.

14. **ITEM VI-B-1: DISCUSSION AND INFORMATION: 2014 BUDGET AND REVENUE REQUIREMENTS**

Ms. Bryant and Mr. Cristiano presented the complete proposed 2014 budget and the proposed 2014 rate schedules.

The proposed 2014 budget, a total of \$371 million including operating and capital expenses, reflects an increase of 2.5 percent more than the original 2013 budget. Some items in the budget for 2014 were deferred or cut from the 2013 budget due to the drought, including a payment of \$4.5 million for the Forest Health Initiative.

The proposed 2014 capital expenses are \$125 million, and the operating expenses are \$246 million. Ms. Bryant provided an overview of the proposed capital program projects and expenses, salaries, benefits, material costs, utility costs, contract payments, and costs for professional and other services. The larger capital program projects make up 35 percent of the capital budget, and most involve repair and replacement of facilities. In the operating budget, \$48 million is reserved for debt service.

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Mr. Cristiano reported that the revenue requirements for 2014 total \$313 million. He described the methodology for developing the rate schedules, which involves reviewing the financial plan and the cost of service by customer class and then calculating the rates needed to recover the cost of service. The proposed 2014 rate schedules reflect a 3.5 percent increase. Lastly, Mr. Cristiano showed a comparison of Denver Water's rates with those of other Front Range water providers, noting that Denver Water remains competitive.

The proposed 2014 budget and rates will be presented to the Board for approval at its meeting on September 25, 2013. The new rates would become effective January 1, 2014. The presentations by Ms. Bryant and Mr. Cristiano are attached to and incorporated in these Minutes respectively as Exhibits "H" and "I."

15. **ITEM VI-B-2: DISCUSSION AND INFORMATION: LEGISLATIVE REPORT**

Mr. Piper updated the Board on Denver Water's high-efficiency water legislation project. Two years ago, Denver Water initiated discussions with legislators about allowing only high-efficiency toilets to be sold in the state. Since then, Denver Water has expanded the scope of its proposal to include high-efficiency showerheads, urinals, and faucets. The legislation would limit manufacturers to providing those fixtures in high-efficiency models only, which also must be labeled as WaterSense products, in Colorado. The products would have to be widely available and result in little or no cost difference to consumers. The goal is to help the state achieve medium to high levels of conservation as defined in a state report, saving 40,000 acre-feet of water per year. Mr. Piper said the legislation also would provide a uniform conservation standard statewide and advance Denver Water's reputation as a leader in water conservation. Staff from Government and Stakeholder Relations, Conservation, and Demand Planning are reaching out

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to stakeholders, other water providers and organizations, manufacturers, homebuilders, and state officials to encourage support for the legislation.

16. **ITEM VI-B-3: DISCUSSION AND INFORMATION: LIVING WEST EXHIBIT – HISTORY COLORADO MUSEUM**

Ms. Hill, Chief Operating Officer of History Colorado, told the Board about a new \$4 million exhibit opening at the museum in November 2013 called "Living West." The exhibit will show the relationship between the people of Colorado and the environment, from 1300 AD through present day. The museum hopes to raise awareness of Colorado's water issues, including moving water from the West Slope to the East Slope and the visitors' own water footprints. Denver Water staff is working with the museum to create field trips to the exhibit for students. The museum is seeking Denver Water's partnership as a presenting sponsor of the exhibit.

Ms. Covington noted staff will bring a contract for Denver Water's sponsorship of the exhibit to the Board's next meeting for approval.

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

The Commissioners received the Denver Water Monthly Investment Portfolio Report dated August 31, 2013, as set forth in Agenda Item VI-F-1 dated September 11, 2013, which is attached to and incorporated in these Minutes as Exhibit "J."

18. **ITEM VI-F-3: DISCUSSION AND INFORMATION: REPORTING OF STAFF-ADMINISTERED CONSTRUCTION CONTRACT CONTINGENCY AMOUNTS**

The Commissioners received the Project Contingency Report for the Ashland Reservoir Replacement – Construction Project under Contract 14063B and for the Conduit 16 Replacement & Conduit 22 Abandonment – Design Project

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under Contract 14978A, which is attached to and incorporated in these Minutes as Exhibit "K."

19. **ITEM VI-F-4: DISCUSSION AND INFORMATION: BUDGET STATUS REPORT**

The Commissioners received the 2013 Year-to-Date Board Budget Status Summary for the period ending August 31, 2013, which is attached to and incorporated in these Minutes as Exhibit "L."

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

The Board confirmed a Study Session will take place on **Wednesday, September 25, 2013**, at **9:00 a.m.** in the Board Room, Room 309, 1600 W. 12th Avenue, Denver, Colorado. A portion of the meeting will take place in Executive Session.

The Board confirmed a Regular Meeting will take place on **Wednesday, October 9, 2013**, at **9:15 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 11:12 a.m.

EXECUTIVE SESSION

On Wednesday, September 11, 2013, commencing at 11:13 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:

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1. Litigation § 24-6-402(4)(b)
2. Attorney-Client Matters § 24-6-402(4)(b)
3. Negotiations § 24-6-402(4)(e)
4. Personnel Matters § 24-6-402(4)(f)(I)

There being nothing further for the Board to consider, the Executive Session concluded at 11:32 a.m.


Secretary


President