

RECORD OF PROCEEDINGS

**MINUTES
OF THE
BOARD OF WATER COMMISSIONERS**

Open Session

October 8, 2008

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, October 8, 2008 beginning at 9:30 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

Thomas A. Gougeon, President
Penfield Tate, First Vice President
George B. Beardsley, Vice President
John R. Lucero, Vice President
Susan D. Daggett, Vice President

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

H. J. Barry, Manager
P. L. Wells, General Counsel
D. B. LaFrance, Director of Finance
D. L. Little, Director of Planning
M. L. Bassett, Director of Public Affairs
B. D. Good, Director of Operations & Maintenance
R. J. Mahoney, Director of Engineering
C. R. Dermody, Director of Information Technology
C. Elam-Floyd, Manager of Human Resources
A. T. Spaulding, Manager of Purchasing
T. L. McGuire-Collier, Manager of Community and Media Relations
S. Duncan, Intergovernmental Affairs Coordinator
G. T. Malmberg, Sales Administrator
K. Kempke, Treasurer
M. L. Walker, Attorney
E. Wakefield, Human Resource Specialist
K. O. Balu, Human Resource Specialist
A. M. Montez, Human Resources
M. K. Frishman, Attorney
D. Bilkiss, Law Clerk
M. Bond, Community Affairs Specialist
S. Chesney, Community Affairs Specialist
H. C. Teigen, Chief of Distribution and Property Management
J. H. Weldon, Engineer
J. Buerkle, Purchasing Agent
S. Miller, Manager of Health Care Administration
G. Wilcox, Manager of Budgeting

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T. Segura, Budget Analyst
L. Billeter, Staff Analyst
Tom MacDonnell, Jefferson County Schools
Terry Arnold, MWH

Commissioner Gougeon called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Regular Meetings of September 10 and September 24, 2008 was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Sessions of September 10 and September 24, 2008 were approved.

Commissioner Gougeon asked if there were any comments from the public regarding matters not included in the Agenda for the meeting. There was no response.

Ceremonies

Mr. Good presented the Commissioners with a glass pitcher signifying the Rocky Mountain Section AWWA Taste Test Award for 2008. Mr. Good explained that 13 entries from across the Rocky Mountain area were judged by an independent panel and Denver's water was voted Number 1. Denver's water will be judged in a national competition which will take place in San Diego in 2009. Mr. Good commented that the Commissioners and employees of Denver Water should be proud of the product that is delivered on a daily which is both reliable and of a high quality.

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 8, 2008, a copy of which is attached to and incorporated in these Minutes as Exhibit "A," effective the pay period ending **September 19, 2008** unless otherwise noted.

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

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The following employees were classified as regular employees of the Board, with all rights and privileges thereof, effective **October 1, 2008**, unless otherwise noted:

| Employee Name | Employment Date | Retirement Plan Participation Date unless otherwise noted^ Unless otherwise noted^ | Division/Section |
|----------------------|------------------------|---|-------------------------------|
| Merry Weis | 03/17/2008 | 03/17/2008 | Conservation #022 |
| Richard Fiorucci | 03/24/2008 | 03/24/2008 | Information Technology #160 |
| Judith Emerson^ | 08/27/2007 | 03/22/2008^ Exclude prior service as project employee 8/27/2007 to 3/21/2008 | Customer Service - Field #465 |
| Nicholas Montez | 01/30/2008 | 01/30/2008 | Buildings Maintenance #870 |

3. ITEM V-A-3: TEMPORARY WAIVER OF INVESTMENT POLICY PROVISION REQUIRING SALE OF DOWNGRADED SECURITIES

Approved a temporary waiver, until June 21, 2009, of the following investment policy:

If a security is downgraded to the extent it is no longer eligible for purchase, the Director of Finance shall be notified immediately and the security shall be sold as soon as practicable.

Ms. Kempke reported the temporary waiver was required because a \$2,000,000 investment in commercial paper issued by American General Finance Corporation which was held in the Waterworks Fund had been downgraded from A-1/P-1 to A-3/P-2 on September 15, 2008. Sale of the security at the time would be difficult because current economic conditions have resulted in little or no secondary markets for the paper. Ms. Kempke opined that the paper would likely be paid off when it matures. Ms. Kempke reported that Denver Water is no longer purchasing commercial paper, but is instead buying Treasury Notes. In response to a request of

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Commissioner Tate, Staff will provide status reports regarding liquidity of commercial paper in February 2009 and again in June 2009.

4. **ITEM V-A-4: AWARD OF CONTRACT FOR CONCRETE BOX SECTION FOR SOUTH BOULDER DIVERSION CANAL**

At the request of Staff, consideration of this item was deferred to a future meeting.

5. **ITEM V-A-5: AUTHORIZATION OF EXTENSION AND INCREASE FOR CRANE RENTAL**

At the request of Staff, consideration of the extension of the rental agreement was deferred to a future meeting.

6. **ITEM V-A-6: AUTHORIZATION OF CONTRACT INCREASE FOR RESIDUALS DISPOSAL FACILITY**

Authorized an increase of expenditures in the amount of \$145,000 under the December 13, 2006 contract with A1 Organics for the disposal of water treatment residuals, for a total amended contract amount not to exceed \$265,000.

7. **ITEM V-A-7: PURCHASE OF NEPTUNE REGISTERS**

Authorized award of a contract to Neptune Technology Group, Inc. to furnish Denver Water's requirements of described Neptune Encoder registers necessary for use with Itron Encoder-Receiver-Transmitter (ERT) units for the contract period October 1, 2008 through September 30, 2009, at a cost of \$210,000.

8. **ITEM V-A-8: AUTHORIZATION OF INCREASE FOR CONTRACT FOR HIGH-EFFICIENCY AND FLUSH-O-METER TOILETS**

Authorized an increase of \$80,000 to the January 9, 2008 contract with Ferguson Enterprises, Inc., to supply described high efficiency and flush-o-meter toilets for the period ending December 31, 2008, for a total amended contract amount not to exceed \$344,937.50.

9. **ITEM V-A-9: CONTRACT EXTENSION WITH SEMPERA PROFESSIONAL SERVICES, LLC FOR AN INFORMATION TECHNOLOGY GIS PROJECT MANAGER**

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Approved amendment to the April 13, 2007 Consulting Agreement with Sempera Professional Services, LLC to provide the services of Lisa Warther to serve as a project Manager in the Tier III New Solutions Section of the Information Technology Division for an additional 12 months at a cost of \$167,040, and a total amended contract amount not to exceed \$431,040.

10. **ITEM V-A-10: FOURTH AMENDMENT TO AGREEMENT WITH MULLER ENGINEERING COMPANY, INC. FOR MILLER DAM AND RESERVOIR**

Authorized the Fourth Amendment to Agreement with Muller Engineering Company, Inc. further amending the August 8, 2007 Agreement to provide engineering services for the Miller Reservoir and Dam for an additional \$52,857, resulting in a total amended contract amount not to exceed \$127,357, and extending the contract completion date to January 31, 2009, all as more particularly described in the Fourth Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "B."

11. **ITEM V-A-11: RATIFICATION OF AMENDMENTS TO AGREEMENTS**

Ratified Amendments to Agreements authorized by the Manager in August and September 2008 as follows:

First Amendment to December 28, 2007 Task Order Agreement with Boyle Engineering Corporation for a Conduit 305 Study and Partial Reuse Master Plan Update;

Second Amendment to March 1, 2008 Task Order Agreement with HDR Engineering, Inc. for the Dillon Dam Road Realignment Study;

First Amendment to April 18, 2008 Task Order Agreement with Integra Engineering for Drafting Services for Water Quality Monitoring Stations for Vaults and Cherry Hills Pump Station;

Third Amendment to January 7, 2008 Task Order Agreement with Tetra Tech, Inc. for design services related to the Howe-Haller Reservoir Improvement Project;

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Second Amendment to February 19, 2008 Task Order Agreement with URS Corporation to provide drafting services for the Williams Fork Small Hydro/Outlet Works Project:

First Amendment to the December 21, 2007 Agreement with Simpson, Gumpertz & Heger, Inc. for engineering services related to Conduit No. 94;

First Amendment to Agreement dated March 12, 2008 with Wong Strauch Architects, P.C. for design services for remodeling the Administration Building;

Amendment to the November 1, 2004 Custody Agreement with Bank of New York;

Amendment to the September 1, 2008 Agreement with KRONOS INCORPORATED to provide Enterprise Time Management software; and

Amendment to the September 1, 2008 Agreement with KRONOS INCORPORATED to provide Enterprise Time Management software licenses and maintenance

all as more specifically described in the Attachment to Agenda Item V-A-11, a copy of which is attached to and incorporated in these Minutes as Exhibit "C."

12. **ITEM V-A-12: THIRD AMENDMENT TO AGREEMENT WITH KRECH OJARD AND ASSOCIATES FOR ENGINEERING SERVICES FOR INSTALLATION OF WILLIAMS FORK SLIDE GATE AND TRASHRACK**

Authorized a Third Amendment to the September 21, 2007 Agreement with Krech Ojard and Associates to provide full time engineering and onsite inspections and other quality assurance and control for the installation of the upstream slide gate and new trashrack at Williams Fork Dam for an additional \$49,778.27 and a total amended contract not to exceed \$341,060.71, and extending the contract completion date to December 31, 2008, all as more particularly described in the Third Amendment to Agreement, a copy of which is attached to and incorporated in these Minutes as Exhibit "D."

13. **ITEM V-A-13: CHANGE ORDER NO. 2 FOR WILLIAMS FORK RESERVOIR-INSTALLATION OF SLIDE GATE AND TRASHRACK**

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Approved Change Order No. 2 to the August 8, 2000 contract with Veolia Environmental Services for the installation of the slide gate and new trashrack at Williams Fork Dam in the amount of \$77,749.32.

14. ITEM V-A-14: PURCHASE OF NETWORK EQUIPMENT FROM VECTRONIX MARKETING, INC.

Approved the purchase of described network switching devices and other data improvements from Vetronix Marketing, Inc., at a cost not to exceed \$160,000.

15. ITEM V-E-1: CONTRACT FOR WATER USE ANALYSIS FOR DENVER AND JEFFERSON COUNTY SCHOOLS

Authorized entering into a contract with The Brendl Group, Inc., to provide water use analysis of facilities at Denver Public Schools and those Jefferson County Public Schools within the Combined Service Area through March 1, 2010, for a total contract amount of \$580,000.

Ms. Bassett explained that the contractor will provide an audit of water use which will determine the water savings to be gained from hardware replacements, leak repair and modifications to the irrigation plan at each school. Jefferson County Schools has already begun an inventory of facilities which need fixture replacements and the authorization to acquire those plumbing fixtures is included in Agenda Item V-E-2. Inventory of water use at Denver Public Schools will occur after the audits of the Jefferson County Schools are completed.

Tom McDonnell, Interim Facility Director for Jefferson County Schools was introduced and commented regarding the reduction of use expected by replacement of outdated and leaking plumbing fixtures. Mr. McDonnell explained the School District will supply all labor required for the retrofit project, and thanked the Commissioners for funding the program which is anticipated to save both water and money.

In response to questions from Commissioner Daggett, Ms. Bassett explained that the Conservation Staff was working with Denver Public Schools to develop a conservation construction program that could be included in the DPS curriculum.

16. ITEM V-E-2: AWARD OF CONTRACT FOR HIGH-EFFICIENCY PLUMBING FIXTURES FOR JEFFERSON COUNTY SCHOOLS

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Authorized award of a contract to Water Systems, Inc. to furnish high efficiency plumbing fixtures which will be used by Jefferson County Schools pursuant to the program described in Agenda Item V-E-1, for the contract period October 1, 2008 through September 30, 2009, at the unit prices set forth in the Tabulation of Bidder's Proposal No. 11886A, dated August 28, 2008, a copy of which is attached to and incorporated in these Minutes as Exhibit "E", for a total contract amount not to exceed \$1,178,062.70.

17. **ITEM V-E-3: AWARD OF CONTRACT FOR SOUTH PLATTE COLLECTION SYSTEM – NORTH METRO HOWE-HALLER AND HAZELTINE RESERVOIR WALL IMPROVEMENTS**

At the request of Staff, consideration of this matter was postponed to a future meeting.

18. **ITEM V-E-4: TASK ORDER AGREEMENT FOR HOWE-HALLER RESERVOIR IMPROVEMENTS MOUNDING DRAIN AND SLOPE IMPROVEMENT**

At the request of Staff, consideration of the proposed engineering contract was postponed to a future meeting.

19. **ITEM V-F-1: 2009 WAGES, SALARIES, AND HEALTHCARE BENEFITS PLAN**

At the request of the Commissioners, consideration of the recommendations for the 2009 Wage, Salary and Healthcare benefit plans was postponed.

20. **ITEM V-F-2: SETTLEMENT AGREEMENT AND GENERAL RELEASE WITH CDOT FOR I-25 WATER MAIN BREAK**

Approved reimbursement of \$800,000 to the Colorado Department of Transportation for direct costs and expenses relating to the February 7, 2008 rupture of Denver Water's 66 inch Conduit 94 at approximately 58th Avenue and I-25, pursuant to the Settlement Agreement and General Release dated October 8, 2008.

21. **ITEM V-F-2: PAYMENT OF JUDGMENT IN KRŽALIĆ CASE**

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Approved payment of judgment and interest in an amount approximating \$140,000, pursuant to judgment in the Denver District Court in the Kržalić case.

22. **ITEM VI-B-1: DISCUSSION AND INFORMATION: GENERAL ENGINEERING ("ON-CALL") SERVICES CONTRACT**

The Commissioners received a report of on-call engineering services through September 30, 2008, a copy of which is attached to and incorporated in these Minutes as Exhibit "F."

23. **ITEM VI-B-2: DISCUSSION AND INFORMATION: GENERAL ENGINEERING ("ON-CALL") SERVICES CONTRACT FOR ESTIMATING SERVICES**

Approved the use of on-call contracts for estimating services, using firms identified in the attachment to Agenda Item V-B-2, a copy of which is attached to and incorporated in these Minutes as Exhibit "G."

24. **ITEM VI-B-3: DISCUSSION AND INFORMATION: BALLOT INITIATIVES**

Ms. Duncan explained that the 2008 General Election ballot includes three initiatives which could have an impact on Denver Water's operations. Ms. Duncan then outlined the provisions of Amendments 46, 52, and 58, and described their potential impact on Denver Water's operations. Ms. Duncan reported the City and County of Denver had adopted Proclamation No. 59, in opposition to Amendment No. 46, a copy of which is attached to and incorporated in these Minutes as Exhibit "H."

The Commissioners concurred that resolutions in opposition to amendments 46 and 52 would be appropriate. A resolution supporting Amendment 58 was also discussed.

The Commissioners determined to recess their regular meeting to 8:00 a.m. Friday October 10, 2008 to take up consideration of proposed resolutions involving Amendments 46, 52 and 58 and such other matters as might be required, based on the earlier postponement of action items. The reconvened meeting will be by conference call in order to accommodate the Commissioners' schedules.

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25. **ITEM VI-B-4: DISCUSSION AND INFORMATION: CHEESMAN DAM INLET CONTROL PROJECT**

Mr. Mahoney explained that construction of the Cheesman Dam Inlet Control Project would require the installation of a new structure located on the left abutment near the crest of the dam. Proposals for the construction project are due Friday, October 10, 2008. Because of the need for adequate construction time before the onset of winter, the construction contract would be awarded under the Manager's authority with ratification at the November 12, 2008 meeting. The Commissioners concurred with the suggested manner of proceeding. Mr. Mahoney provided the Commissioners with a drawing of the proposed facility, a copy of which is attached to and incorporated in these Minutes as Exhibit "I."

26. **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, 2008" as set forth in Agenda Item VI-F-1 dated October 8, 2008, a copy of which is attached to and incorporated in these Minutes as Exhibit "J."

27. **ITEM VI-F-2: DISCUSSION AND INFORMATION: STATUS OF CONTRACT WORK**

The Board was furnished with the Status of Contract Work Report dated October 8, 2008, a copy of which is attached to and incorporated in these Minutes as Exhibit "K."

28. **ITEM VI-F-3: DISCUSSION AND INFORMATION: BUDGET STATUS REPORT**

The Commissioners received the Third Quarter Budget Status Report, a copy of which is attached to and incorporated in these Minutes as Exhibit "L."

29. **ITEM VI-F-4: DISCUSSION AND INFORMATION: NEW CONTRACT SUMMARY**

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The Commissioners received a summary of new contracts between \$10,000 and \$100,000 entered between July 1, 2008 and September 30, 2008, a copy of which is attached to and incorporated in these Minutes as Exhibit "M."

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

The Board confirmed that the meeting would be reconvened **Friday, October 10, 2008 at 8:00 a.m.** In order to co-ordinate with the Commissioners' schedules, the meeting will be by telephone conference call.

The Commissioners confirmed that they would meet in Study Session on **Wednesday, October 22, 2008, at 8:00 a.m.** in the Board Room, 1600 W. 12th Avenue, Denver, Colorado. The topics to be discussed in the Study Session will be posted prior to the meeting. A portion of the meeting may take place in Executive Session.

The Commissioners will meet as part of the on-going mediation with representatives of West Slope water users on **Thursday, October 23, 2008.** The mediation will take place at the North Branch Library, Silverthorne, Colorado beginning at 10:00 a.m. A portion of the meeting may take place in Executive Session.

The Board determined that a Regular Meeting would take place **Wednesday, November 12, 2008, at 9:15 a.m.** in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado.

The Board will meet in Study Session on **Wednesday, December 3, 2008, at 9:00 a.m.** in the Three Stone Buildings, 1600 West 12th Avenue, Denver, Colorado.

The only Regular Meeting for December will be **December 10, 2008, at 9:15 a.m.** in the Board Room, Room 309, 1600 West 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 8, 2008, commencing approximately at 10:30 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. § 2-34 were discussed during the Executive Session:

1. Litigation § 24-6-402(4)(b)

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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 approximately 11:50 a.m. and the Board reconvened the Open Session.

RECONVENED OPEN SESSION

At approximately 11:50 a.m., on Friday, October 8, 2008, Commissioner Gougeon reconvened the regular meeting of the Board of Water Commissioners which had been adjourned earlier in the day. Members of the Board present for the reconvened session were:

Thomas A. Gougeon, President
Penfield Tate, First Vice President
George B. Beardsley, Vice President
Susan D. Daggett, Vice President

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

H. J. Barry, Manager
P. L. Wells, General Counsel
D. B. LaFrance, Director of Finance
D. L. Little, Director of Planning
M. L. Bassett, Director of Public Affairs
B. D. Good, Director of Operations & Maintenance
R. J. Mahoney, Director of Engineering
M. L. Walker, Attorney

Commissioner Gougeon called the reconvened meeting to order.

Upon motion made, seconded and unanimously carried the Board took the following action:

31. ITEM V-F-1: 2009 WAGES, SALARIES, AND HEALTHCARE BENEFITS PLAN

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Approved the 2009 Wage, Salary and Benefits Plans, all as more specifically described in Agenda Item V-F-1, dated September 24, 2008, a copy of which is attached to and incorporated in these Minutes as Exhibit "N."

Approval of the benefit plans includes continuation through 2011 of CIGNA as the vendor for the medical plan, Delta Dental for the dental plan and Superior Vision for the vision care plan. Additionally, CIGNA will provide medical stop loss coverage for 2009 with a \$165,000 stop loss threshold at a premium cost of approximately \$1,093,000. Lincoln Financial Group will provide Basic Life Insurance and AD&D insurance at an annual premium of \$374,000. Lincoln Financial will continue to administer the Advice to Pay arrangement for Denver Water's former self-funded LTD program at a cost of \$11,000 per year. The agreement with PayFlex to administer the Flexible Spending Account and to provide COBRA and retiree billing services was also continued at a fee of \$29,500.

There being nothing further for the Board to consider, the reconvened Open Session concluded at approximately 11:55 a.m., subject to reconvening Friday, October 10, 2008 at 8:00 a.m.

President

Secretary