

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

EXECUTIVE SESSION

April 10, 2013

On Wednesday, April 10, 2013, commencing at 8:30 a.m. in the CEO/Manager's Office, 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)

The Executive Session recessed at 9:15 a.m.

OPEN SESSION

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, April 10, 2013, beginning at 9:19 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
Paula Herzmark, Vice President

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

J.S. Lochhead, CEO/Manager	P.L. Wells, General Counsel
A.C. Bricmont, Director of Finance	D.L. Little, Director of Planning
S.C. Covington, Director of Public Affairs	J.A. Anderson, Director of Customer Relations
B.D. Good, Deputy Manager of Organizational Improvement	T. Roode, Director of Operations and Maintenance
R.J. Mahoney, Director of Engineering	C.R. Dermody, Director of Information Technology

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C. Elam-Floyd, Director of Human Resources	P.A. Carey, Manager of Purchasing and Contracting
U. Sharma, Treasurer	P.B. Coleman, Chief Internal Auditor
M.K. Frishman, Attorney	M.E. Elliott, Assistant Director of Public Affairs – Government, Stakeholder Relations and Conservation
T. Cristiano, Manager of Rate Administration	M. Price, Division Office Business Manager
T. Bryant, Controller	K. Petrik, Chief of Construction Management
D.M. Hamm, Staff Analyst	N. Sperandeo, Manager of Recreation
J.S. Walker, Contracts Supervisor	D. Shable, Engineer
J. Barbier, Engineer	M. Garcia, Engineer
J. Ross, Engineer	J. Figurelli, Budget Analyst
E.M. Hewes, Contract Specialist	D. Brinker, Engineer
W.C. Austin, Manager of Safety and Security	A. Turney, Chief of Distribution and Property Management
A. Chavez, Contract Specialist	P. Daukas, Manager of Environmental Planning
J. Martin, Engineer	T. Segura, Budget Analyst
J. Light, Engineer	C. Cervantez, Contract Specialist
J. Archer, Engineer	P. Ries, Engineer
K. Urie, Environmental Scientist	
J. Heath, Engineer	
G. Fisher, Manager of Demand Planning	
J. Repella, Douglas County Commissioner	Dennis Towndrow, North Pecos Water & Sanitation District customer
Catherine Carella, University of Colorado student	Randy Parks, Dewberry Engineers Inc.
Allan Smith, University of Colorado student	Mike Gossett, HDR Engineering, Inc.
	Benjamin Miller, University of Colorado student

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Commissioner Austin called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, Commissioner Tate 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 March 13, 2013, and March 27, 2013, was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Session of March 27, 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.

Ms. Repella spoke on behalf of the Douglas County Commissioners to thank the Board and staff for their work on the cooperative agreement for the WISE Project. She thanked them for working with Douglas County and its water providers during the negotiations. She congratulated the Board on the vision of Denver Water over many years. Ms. Repella said she hopes Douglas County will incorporate a similar vision.

Commissioner Austin responded that the Board appreciates working with Douglas County. Mr. Lochhead said he has been pleased to work with the Douglas County Commissioners and appreciates the good partnership they have developed with Denver Water.

Mr. Towndrow spoke as a customer of the North Pecos Water & Sanitation District. He had recently learned of Denver Water's new drought pricing. Mr. Towndrow said the North Pecos Water & Sanitation District would be collecting a drought charge of 30 cents per thousand gallons of water consumption from its customers. He is concerned that customers of the District will not receive the same drought pricing as Denver customers, specifically the exemption from drought pricing

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for the first 6,000 gallons of water. He opined the District is not passing along the same exemption to its customers because it has to pay Denver Water for the water it distributes.

Ms. Wells explained that master meter districts, including the North Pecos Water & Sanitation District, are entitled to compose their own rate structures. She also explained that the Denver Water drought pricing begins at 30 cents per gallon after the first 6,000 gallons but that the surcharge increases with higher consumption. Ms. Wells said the North Pecos Water & Sanitation District could use the same graduated schedule for drought pricing but that Denver Water does not control that decision of the District.

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 April 10, 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 April 1, 2013, unless otherwise noted:

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Employee Name	Employment Date	Retirement Plan Participation Date <small>Unless otherwise noted^</small>	Division/Section
Schevets, Lauren M.	2012-10-01	2012-10-01	Engineering Division Property Management, #251
Bargas, Elena V.	2012-01-17	2012-09-29 ^Exclude prior service as Temporary Status 01/17/12 to 09/28/12	Engineering Division Tech Solution Support, #258
Simmons, Amy E.	2012-10-01	2012-10-01	Finance Division Accounting, #140
Aslamy, Abdul H.	2012-09-24	2012-09-24	Finance Division Treasury Operations, #110
Martinez, Molly T.	2011-12-20	2012-09-15 ^Exclude prior service as Temporary Status 12/20/11 to 09/14/12	Manager and Staff Division Manager and Staff, #010
Burky, Mark E.	2012-09-17	2012-09-17	Operations and Maintenance Division Emergency Services, #770
Knoll, Katie J.	2012-09-10	2012-09-10	Public Affairs Division Government & Stakeholder Relations, #012

3. ITEM V-A-3: CONTRACT FOR BUTTERFLY VALVES AND ACTUATORS

Authorized award of Contract No. 14886A to Henry Pratt Company to furnish butterfly valves and actuators for the contract period April 10, 2013, through December 31, 2013, for a total contract amount not to exceed \$147,218.00.

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**4. ITEM V-A-4: AUTHORIZATION OF ADDITIONAL FUNDS FOR
CAMPUS-WIDE WIRELESS NETWORK**

Authorized additional funds of \$125,634.52 and an extended contract period through September 30, 2013, for Contract No. 14064A with Information & Computing Services, Inc., for a total amended contract amount not to exceed \$262,505.38.

**5. ITEM V-A-5: AGREEMENTS FOR TRENCH SHORING EQUIPMENT
RENTAL**

Authorized award of Contract No. 14793B to United Rentals, Inc., and award of Contract No. 14793C to Trench Shoring Services, Inc., for the contract period April 1, 2013, through March 31, 2015, for a total contract amount between both contracts not to exceed \$200,000.00, which will be accounted for using Contract No. 14793A.

**6. ITEM V-A-6: ADDITIONAL FUNDS FOR NON-DESTRUCTIVE
HYDRO-EXCAVATING**

Authorized additional funds for Contract No. 13501A with RNR Enterprises, Inc., for the contract period August 1, 2011, through July 31, 2013, for an additional \$20,000.00 and a total amended contract amount not to exceed \$120,000.00.

**7. ITEM V-A-7: INTERGOVERNMENTAL AGREEMENT FOR RANGER
PATROL OF GROSS RESERVOIR**

Approved Intergovernmental Agreement No. 14823A with the Boulder County Sheriff's Department to provide ranger patrol at Gross Reservoir for the contract period April 1, 2013, through March 30, 2016, for a total contract amount not to exceed \$186,000.00, which is attached to and incorporated in these Minutes as Exhibit "B."

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8. **ITEM V-A-8: PAYMENT TO THE REGIONAL TRANSPORTATION DISTRICT**

Approved the payment of \$628,958.24 to the Regional Transportation District for utility relocation work completed in 2012 per the FasTracks/Eagle P3 Utility Relocation Agreement No. 12208A.

9. **ITEM V-A-9: CONTRACT FOR CHATFIELD PUMP STATION HIGH SIDE PUMP RUN NO. 7 ADDITION**

Authorized entering into Contract No. 14041A with Intermountain Electric, Inc., for the Chatfield Pump Station High Side Pump Run No. 7 Addition Project in the amount of \$488,411.00.

10. **ITEM V-A-10: CONTRACT FOR FOOTHILLS TREATMENT PLANT HVAC IMPROVEMENTS**

Authorized entering into Contract No. 14011A with McDade-Woodcock, Inc., for the Foothills Treatment Plant HVAC Improvements Project in the amount of \$4,992,667.00. The Board also authorized a \$100,000.00 project contingency fund to be administered by staff. Use of the contingency fund will be reported to the Board.

11. **ITEM V-A-11: AGREEMENT FOR CONSTRUCTION MANAGEMENT INSPECTION SERVICES FOR THE ELECTRICAL AND HVAC IMPROVEMENTS PROJECT AT THE FOOTHILLS WATER TREATMENT FACILITY**

Approved Task Order Agreement No. 14325C with Hatch Mott MacDonald for construction management inspection services for the electrical and HVAC improvements project at the Foothills Water Treatment Facility in the amount of \$270,867.00, which is attached to and incorporated in these Minutes as Exhibit "C."

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12. **ITEM V-A-12: AGREEMENT FOR ENGINEERING DESIGN SERVICES OF THE CONDUIT NO. 16 REPLACEMENT AND CONDUIT NO. 22 ABANDONMENT**

Approved Agreement No. 14978A with HDR-Dewberry Water Supply Partners, a Joint Venture, for engineering design services of the Conduit No. 16 replacement and Conduit No. 22 abandonment in the amount of \$5,526,992.00, which is attached to and incorporated in these Minutes as Exhibit "D." The Board also authorized a \$300,000.00 contingency fund for the agreement, which will be administered by staff. Use of the contingency fund will be reported to the Board.

13. **ITEM V-A-13: CHANGE ORDER FOR ELIZABETH STREET PUMP STATION CONVERSION PROJECT**

Approved Change Order No. 7 to Contract No. 12865A with Archer Western Construction, LLC, for the Elizabeth Street Pump Station Conversion Project in the amount of \$583,000.00, which is attached to and incorporated in these Minutes as Exhibit "E."

14. **ITEM V-A-14: CHANGE ORDER FOR CONDUIT NO. 302 – 36-INCH RECYCLED WATER PIPELINE**

Approved Change Order No. 4 to Contract No. 14024A with HCP Constructors, Inc., for Conduit No. 302, a 36-inch recycled water pipeline, in the amount of \$123,620.00, which is attached to and incorporated in these Minutes as Exhibit "F."

15. **ITEM V-A-15: 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 February 2013 through March 2013 as follows:

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Change Orders No. 5 and No. 6 to Contract No. 12423A with White Construction Group for Wynetka Station;

Change Orders No. 3 and No. 4 to Contract No. 13325A with Stanek Constructors, Inc., for the Broomfield Pump Station Modifications;

Change Order No. 9 to Contract No. 13327A with Gracon Corporation, Inc., for the Dillon Dam Outlet Works Gate Repairs;

Change Order No. 1 to Contract No. 13611A with Layne Corporation for the Conduit No. 58/74 Extension and PRV Vault Modifications;

Change Order No. 3 to Contract No. 14024A with HCP Constructors for Conduit No. 302 – 36-Inch Recycled Water Pipeline;

Change Order No. 2 to Contract No. 14643A with T. Lowell Construction, Inc., for the Meter Conversion at the Denver Zoo;

Change Order No. 1 to Contract No. 14688A with Colorado Excavating for the Lupton Lakes Properties Demolition; and

First Amendment to Agreement No. 14498A with Customer Care Measurement & Consulting, LLC, for Customer Experience Professional Services,

all as more particularly described in the attachment to Agenda Item V-A-15, which is attached to and incorporated in these Minutes as Exhibit "G."

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16. **ITEM V-A-16: 2013 ASSESSMENT TO SOUTH PLATTE WATER RELATED ACTIVITIES PROGRAM, INC., IN SUPPORT OF THE PLATTE RIVER RECOVERY IMPLEMENTATION PROGRAM**

Approved the payment of \$411,314.40 for Denver Water's 2013 assessment to South Platte Water Related Activities Program, Inc., a Colorado non-profit corporation established by Colorado water users for the purpose of representing water users' interests in the Platte River Recovery Implementation Program.

17. **ITEM V-A-17: AMENDMENT TO CONTRACT FOR CONDUIT NO. 2 AND CONDUIT NO. 13 VALVE REPLACEMENTS PROJECT**

Approved Amendment No. 1 to Contract No. 14557A with T. Lowell Construction, Inc., for the Conduit No. 2 and Conduit No. 13 Valve Replacements Project in the amount of \$127,000.00, which is attached to and incorporated in these Minutes as Exhibit "H."

18. **ITEM V-D-1: 2013 REVISED BUDGET**

Ms. Bryant presented the proposed revised budget for 2013, intended to address the potential \$50 million loss in revenue Denver Water could face this year due to the drought. Her presentation is attached to and incorporated in these Minutes as Exhibit "I."

Ms. Bryant described the measures Denver Water is taking to address the loss in revenue, including implementing drought pricing, drawing down reserves, and reducing costs. The cost reductions will be achieved by reducing operating expenses, deferring capital projects, and delaying new purchases. Ms. Bryant explained that all divisions were asked to identify and prioritize their anticipated costs for this year. To reduce their operating costs, the divisions will be: delaying filling open positions; reducing overtime; ordering fewer water treatment chemicals because less water will be used during the drought; cutting back on new pipe projects; reducing small

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equipment purchases, warehouse purchases, and fuel purchases; and deferring planning studies and assessments. The reductions to capital programs will result in deferring some conduit rehabilitation and relocation projects, modifications to pump stations, replacement projects in the treatment system, the construction of a new roadway at the Foothills Treatment Plant, and the rebuild design for the Moffat Treatment Plant. Ms. Bryant also explained there will be some increases in spending for the collection system, including continuing projects that started in 2012 and the design work for the Antero Reservoir dam. Additionally, Denver Water will be able to defer some payments under the Colorado River Cooperative Agreement and defer constructing a recycled water conduit in the northeast part of Denver. The 2013 budget was revised with the assumption the drought will continue into 2014; it was reduced from \$340 million to \$318 million.

Ms. Bryant said the Finance Division will track drought-related costs, all revenue, and all variances to the revised budget. Finance staff will provide reports to the Board and to the divisions.

As a result of all the changes to this year's budget, the 2014 budget can be developed later this year. It will be brought to the Board in November, with approval needed in December.

Mr. Cristiano explained the ending balance of cash reserves based on the original 2013 budget was projected to be \$175 million. Based on the revised budget, the ending balance of cash reserves is projected to be \$161 million. Ms. Bricmont said this will allow Denver Water to go into 2014 in a strong position. She said the Finance division will provide updates to the Board at several points during the year.

The Board approved the 2013 revised budget, as summarized in Agenda Item V-D-1, which is attached to and incorporated in these Minutes as Exhibit "J."

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19. ITEM V-E-1: CONTRACT FOR ARMED GUARD SECURITY SERVICES AT DILLON DAM

Awarded Contract No. 14779A to G4S Security for armed guard security services at Dillon Dam for the contract period May 1, 2013, through April 30, 2014, for a total contract amount of \$660,000.00, at the rates shown in the tabulation of Bidder's Proposal 14779A, which is attached to and incorporated in these Minutes as Exhibit "K."

20. ITEM VI-B-1: DISCUSSION AND INFORMATION: LEGISLATIVE REPORT

The Commissioners received a report from Chris Piper, Intergovernmental Affairs Coordinator, regarding pending legislation. The Commissioners approved Denver Water's support of SB13-052 and authorized Commissioner Lucero and Mr. Lochhead to testify in a committee hearing on the bill.

21. ITEM VI-B-2: DISCUSSION AND INFORMATION: REVIEW OF PROPERTY BURDENS AND DISPOSALS 1ST QUARTER 2013

The Commissioners received a report for the First Quarter 2013, of actions taken by the CEO/Manager or his designees under the authority granted to him by the Board to burden or dispose of Board property or involve an expenditure of \$10,000.00 or more, which is attached to and incorporated in these Minutes as Exhibit "L."

22. ITEM VI-C-1: DISCUSSION AND INFORMATION: ANTERO DAM REHABILITATION

Mr. Martin made a presentation to the Board on the history of Antero Dam, its current state and structural problems, and the proposed plans for its rehabilitation. An internal group of employees from the Operations and Maintenance, Engineering, and Planning divisions has developed five possible alternatives to rehabilitate the dam. The group is proposing Alternative 3, which would allow the work to be conducted in phases for a

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total cost of approximately \$12 million. During this year's drought, Antero Reservoir will be drained, which presents an opportunity to complete phase 1 of the rehabilitation plan. Future work on the dam will be scheduled depending on the budget. The Commissioners agreed with the general approach being taken. The Engineering Division will bring contracts for the work to the Board in the future. Mr. Martin's presentation is attached to and incorporated in these Minutes as Exhibit "M."

23. **ITEM VI-D: DISCUSSION AND INFORMATION: CITIZENS ADVISORY COMMITTEE COMMUNICATIONS**

The Commissioners received the Minutes of the meeting of the Citizens Advisory Committee held February 21, 2013, which are attached to and incorporated in these Minutes as Exhibit "N."

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

The Commissioners received the Denver Water Monthly Investment Portfolio Report dated March 31, 2013, as set forth in Agenda Item VI-F-1 dated April 10, 2013, which is attached to and incorporated in these Minutes as Exhibit "O."

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

The Commissioners received a report of contracts entered into in the First Quarter of 2013 for amounts between \$20,000.00 and \$100,000.00, which is attached to and incorporated in these Minutes as Exhibit "P."

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26. **ITEM VI-F-4: DISCUSSION AND INFORMATION: STATUS OF CONTRACT WORK AND CONSULTANT SERVICES**

The Commissioners received the reports "Status of Contract Work" and "Status of Consultant Services" dated April 5, 2013, which are attached to and incorporated in these Minutes as Exhibits "Q" and "R" respectively.

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

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

28. **ITEM VI-F-6: DISCUSSION AND INFORMATION: 2013 GENERAL ENGINEERING AND CONSTRUCTION MANAGEMENT SERVICES CONTRACTS**

The Commissioners received a report on the Engineering Division's general engineering and construction management services contracts for the period August 2012 through March 2013, which is attached to and incorporated in these Minutes as Exhibit "T."

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

The Board confirmed a Study Session will take place on **Wednesday, April 24, 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, May 8, 2013**, at **9:15 a.m.** in the Board Room, Room 309, 1600 W. 12th Avenue, Denver, Colorado.

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No further business appearing, the Board voted unanimously to adjourn and to reconvene the Executive Session at 10:37 a.m.

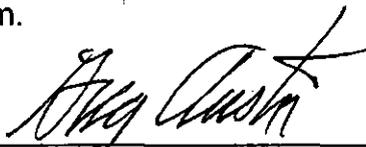
RECONVENED EXECUTIVE SESSION

On Wednesday, April 10, 2013, commencing at 10:38 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners reconvened the 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 Reconvened Executive Session:

1. Litigation § 24-6-402(4)(b)
2. Attorney-Client Matters § 24-6-402(4)(b)

There being nothing further for the Board to consider, the Reconvened Executive Session concluded at 10:40 a.m.


Secretary


President