

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

EXECUTIVE SESSION

July 23, 2014

On Wednesday, July 23, 2014, commencing at 9 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 matter, which is authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34, was discussed during the Executive Session:

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

The Executive Session recessed at approximately 9:40 a.m.

OPEN SESSION

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, July 23, 2014, beginning at 9:42 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

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

J.S. Lochhead, CEO/Manager	P.L. Wells, General Counsel
T. Bryant, <i>Acting</i> 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.J. Roode, Director of Operations and Maintenance
R.J. Mahoney, Director of Engineering	C.R. Dermody, Director of Information Technology

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G. Cagle, Director of Human Resources	P.B. Coleman, Chief Internal Auditor
U. Sharma, Treasurer	J. Fischer, Engineer
M.K. Frishman, Attorney	R. Steger, Manager of Raw Water Supply
T. Cristiano, Manager of Rate Administration	E. Brandt, Engineering/Systems Technician
D.M. Hamm, Staff Analyst	J. Allen, Planner
S. Snyder, Special Projects Coordinator	N. Elder, Planner
P. Daukas, Manager of Environmental Planning	S. Reum, Chief of Engineering
Z. Campbell, Superintendent of Water Quality and Treatment	S. Price, Engineer
A. Chavez, Staff Analyst	P. McCormick, Engineer
C. Cervantez, Contract Specialist	G. Moore, Engineering Specialist
D. Brinker, Engineer	A. Strasser, Manager of Treated Water Planning
J. Martin, Engineer	B. DeWitt, Staff Analyst
B. Dressel, Engineer	B. Cochran, Engineer
C. Strother, Engineer	A. Sibree, Attorney
A. Flori, Engineer	N. Babyak, Lean Facilitator
A. Hall, Law Clerk	K. Urie, Environmental Scientist
	A. Song, Engineer
	K. Petrik, Chief of Construction Management
	Z. Alabbasi, Water Treatment Plant Supervisor

Brian Daw, HDR, Inc.
Lloyd Gronning, Capital Program
Management Services

Commissioner Austin called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, Commissioners Tate and Herzmark were found to be absent for substantial cause and were excused.

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Public Comment and Communications

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. There was no response.

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: CONTRACT FOR CHEVROLET OEM AUTO PARTS**

Awarded Contract 15436A to EP Blazer, LLC, dba John Elway Chevrolet on South Broadway, for Chevrolet original equipment manufacturer parts for the contract period July 1, 2014, through June 30, 2016, for a total contract amount not to exceed \$175,000.00. A copy of the contract is attached to and incorporated in these Minutes as Exhibit “A.”

2. **ITEM II–A–2: SECOND AUTHORIZATION FOR ADDITIONAL FUNDS FOR HEAVY EQUIPMENT RENTAL SERVICES**

Authorized additional funds for heavy equipment rental services to be applied under Contract 13633A for the following contracts: Contract 13633B with Honnen Equipment Company, Contract 13633C with Power Motive Corporation, and Contract 13633D with Power Equipment Company. The authorization, a copy of which is attached to and incorporated in these Minutes as Exhibit “B,” adds \$375,000.00 for a total amended contract amount among the three contracts not to exceed \$1,135,000.00.

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3. ITEM II–A–3: SECOND AMENDMENT TO CONTRACT FOR GAS MONITORS AND SENSORS

Approved the Second Amendment to Contract 14158A with Safeware, Inc., for calibration and inspection of gas monitors and sensors. The amendment extends the contract through June 30, 2016, and adds \$120,000.00 for a total amended contract amount not to exceed \$236,000.00. A copy of the amendment is attached to and incorporated in these Minutes as Exhibit “C.”

4. ITEM II–A–4: CONTRACT FOR VAULT MODIFICATIONS 2014/2015

Awarded Contract 15574A to Aslan Construction, Inc., for the Vault Modifications 2014/2015 Project for a total contract amount not to exceed \$3,208,500.00 at the prices shown on the tabulation of bids, a copy of which is attached to and incorporated in these Minutes as Exhibit “D.”

5. ITEM II–A–5: CONTRACT FOR CONDUIT NO. 27 RECTIFIER AND GROUNDBED REPLACEMENTS

Awarded Contract 15464A to Aslan Construction, Inc., for the Conduit No. 27 Rectifier and Groundbed Replacements Project for a total contract amount not to exceed \$507,854.00.

6. ITEM II–B–1: CONTRACT FOR ANTERO DAM REHABILITATION – PHASE II PROJECT

Approved Contract 15056A with Tezak Heavy Equipment Co., Inc., for the Antero Dam Rehabilitation – Phase II Project for a total contract amount not to exceed \$4,724,293.48 at the prices shown on the tabulation of proposals, a copy of which is attached to and incorporated in these Minutes as Exhibit “E.”

Mr. Martin and Mr. Dressel reviewed the safety needs for rehabilitation of Antero Dam, including a recent discovery of erodible material in the spillway. Denver Water is under a formal restriction by the State Engineer to operate the reservoir at no higher than 18 feet and has instituted a voluntary

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restriction to 16 feet until the rehabilitation project is complete. The rehabilitation will allow the reservoir to return to a depth of 18 feet, with a possible future option to store water up to a gauge height of 26 feet. The total project – in four phases – will cost between \$17 million and \$20 million and will be complete in 2017. A copy of the presentation is attached to and incorporated in these Minutes as Exhibit “F.”

7. **ITEM II–B–2: FOURTH AMENDMENT TO AGREEMENT FOR ANTERO DAM REHABILITATION PROJECT**

Approved the Fourth Amendment to Agreement 15000A with RJH Consultants, Inc., for construction management and engineer of record services for the Antero Dam Rehabilitation – Phase II Project. The amendment extends the agreement through January 10, 2016, and adds \$374,889.78 for a total amended contract amount not to exceed \$1,249,481.94. A copy of the amendment is attached to and incorporated in these Minutes as Exhibit “G.”

8. **ITEM III–A: MOFFAT WATER TREATMENT PLANT UPDATE**

Mr. Price and Mr. Campbell discussed the possibility of relocating the Moffat Water Treatment Plant to Denver Water’s Ralston Reservoir property. Staff has completed several studies and cost estimates, comparing the options to rebuild the plant at its current location and to relocate it. Due to numerous concerns about the current location, including proximity to neighbors, the noise and traffic that would result during construction, lack of space, and the need to continue operations during construction, staff has concluded the Ralston site is more advantageous. Additionally, as Mr. Campbell described, the Ralston site would incur lower life cycle costs and would provide flexibility for future expansion. Staff also would like to move up the project schedule to allow for the plant to be completed in 2022.

Mr. Price noted that staff has discussed the possible move to Ralston with Jefferson County and confirmed that the county has no 1041 regulations that

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could impact the project. In addition, Mr. Campbell said the staff is considering possible uses for the Moffat property once the plant is moved; however, he noted there is consensus that the main filter gallery and clear well storage there should stay in place.

Mr. Campbell also explained that relocation of the plant may change plans for an upcoming construction project to replace Conduit 16. Staff is in the process of deciding whether the conduit should carry raw water or treated water.

The presentation is attached to and incorporated in these Minutes as Exhibit "H."

9. **ITEM IV–A: CEO REPORT**

Mr. Lochhead reminded the Commissioners of the upcoming Employee Appreciation Day on July 25, 2014, and noted that employees from the main campus have made an effort to visit employees at other facilities who may not be able to participate in the day's events.

He also reported that certain staff members took a tour of the National Renewable Energy Laboratory campus in Golden to learn about the construction of an operations complex and how to maximize energy savings and minimize energy consumption. Mr. Lochhead also noted a recent visit with the Colorado River Water Conservation District in Glenwood Springs.

He reported that the Colorado River System Conservation Agreement was executed by all the parties; those municipalities will contribute funding for demand-management projects that are intended to save water for Lake Powell. Mr. Lochhead also has met with other parties interested in the project. As a result, Denver Water will partner with the Colorado Cattlemen's Association, the Farm Bureau, and the Nature Conservancy to match additional federal funding from the Regional Conservation Partnership

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Program that will be used for outreach, education, and monitoring related to the project.

10. **ITEM IV–B–1: CFO REPORT: QUARTERLY FINANCIAL REPORT**

The Board received the Quarterly Financial Report dated June 30, 2014, as set forth in Agenda Item IV-B-1, which is attached to and incorporated in these Minutes as Exhibit “I.”

Ms. Bryant updated the Commissioners on the budgeting process. Divisions are reviewing their budgets and reforecasting for 2014. The Human Resources Division is working with the other divisions to review their employee numbers.

Ms. Bryant also noted there are several large construction projects taking place this year, for which Denver Water will begin spending under contracts. Additionally, revenues are coming in at the level that would be expected for this time of year.

11. **ITEM IV–C: OPERATIONS REPORT**

Mr. Roode reported there was a leak on a Conduit 10 valve over the weekend that resulted in the Denver Botanic Gardens being out of service temporarily. He also mentioned an outage at the Marston Treatment Plant recently, which resulted in the plant being out of service for two days. However, the distribution system was not affected because of redundancies built into it.

Additionally, Mr. Roode provided an update on a study of the feasibility of converting the High Line Canal into a stormwater collection vessel. The study estimated it would cost \$44 million to construct segments throughout the canal to let water in and out. In comparison, the cost for all of the cities along the High Line Canal to construct their own stormwater systems is estimated at \$75 million. The conversion would result in an additional 1,000 acre-feet of water in the canal each year, which would help to irrigate the trees. The team

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still has questions about the idea and plans to meet with the Denver City Council to discuss it. The parties involved in the study have discussed the possibility of creating an organization that would govern the converted canal under a memorandum of understanding. Ms. Wells recommended seeking grant funding for green infrastructure that may help to lower the overall costs of the project.

12. **ITEM V–A: SCHEDULING OF FUTURE BOARD MEETINGS AND TENTATIVE DISCUSSION TOPICS**

The Board received the Schedule of Future Board Meetings and Tentative Discussion Topics, which is attached to and incorporated in these Minutes as Exhibit “J.”

13. **ITEM V–B: EVENT CALENDAR**

The Board received a calendar of upcoming community events to be attended by various staff, which is attached to and incorporated in these Minutes as Exhibit “K.”

14. **ITEM V–C: NEW CONTRACT SUMMARY**

The Board received a report of contracts entered into in the Second Quarter of 2014 for amounts between \$20,000.00 and \$100,000.00, which is attached to and incorporated in these Minutes as Exhibit “L.”

15. **ITEM V–D: REPORTING OF STAFF-ADMINISTERED CONSTRUCTION CONTRACT CONTINGENCIES AND ALLOWANCES**

The Board received a Project Contingency Report for the following projects: Ashland Reservoir Replacement – Construction; Conduit 16 Replacement & Conduit 22 Abandonment – Design; Foothills Treatment Plant Switchgear Project; and Foothills Treatment Plant HVAC Project. A copy of the report is attached to and incorporated in these Minutes as Exhibit “M.”

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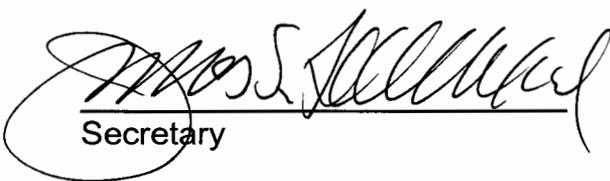
No further business appearing, the Board voted unanimously to adjourn the Open Session and reconvene the Executive Session at 10:49 a.m.

RECONVENED EXECUTIVE SESSION

On Wednesday, July 23, 2014, commencing at 10:53 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. 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 Reconvened Executive Session concluded at 11:27 a.m.


Secretary


President