

Meeting Date: May 12, 2010

Board Item: V-C-2

**AMENDMENT TO TOTAL SERVICE IMPROVEMENT CONTRACT WITH EAST CHERRY HILLS WATER DISTRICT CONTRACT #12104A**

Action by Consent

Action

Information

The East Cherry Hills Water District entered into a new Total Service Improvement contract with the Board in December, 2008. The District is within the City of Cherry Hills Village and is generally located at S. Colorado Boulevard and Hampden Avenue and formerly had a Read and Bill contract with Denver Water but wished to finance improvements to its water system and change its contract status to Total Service.

In the 2008 contract, the Board agreed to finance the necessary water system improvements for the District and collect a surcharge which included interest from the District's customers over a 15 year period. Denver Water has already collected \$207,701 in surcharges. The District was responsible for hiring an engineer to design the water system improvements to meet Denver Water standards at which point Denver Water would bid the job and hire the contractor to install the new water system. Upon completion of the work, Denver Water will own, operate and maintain the water system and charge Total Service water rates.

The design process is nearing completion but has taken longer and has been more complex than originally anticipated. As a result, the District has exhausted its finances and would like to be reimbursed part of the funds collected by Denver Water to cover its expenses. The proposed amendment would allow the District a onetime option to be reimbursed from the surcharge collections. Based on the amount taken by the District, the surcharge would be adjusted. A detailed explanation of the recalibration of the surcharge was presented to the Board as an information item on April 14, 2010.

Recommendation:

The District and the City of Cherry Hills Village have indicated their anticipated approval of the proposed amendment. It is recommended that the Board approve the proposed amendment which allows the Manager, upon receipt of notification from the District, to authorize the release of the funds.

**Approvals:**

Respectfully submitted,

*Maie Bassett*

Director of Public Affairs

*Robert Mahoney*

Robert Mahoney, Acting Manager

*Usha Sharma*

Acting Director of Finance

*[Signature]*

Legal Division