

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Open Session

October 13, 2010

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, October 13, 2010 beginning at 9:08 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

John R. Lucero, First Vice President
Thomas A. Gougeon, Vice President
Paula Herzmark, Vice President
H. Gregory Austin, 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
M. L. Bassett, Director of Public Affairs	B. D. Good, Director of Operations & Maintenance
R. J. Mahoney, Director of Engineering	L. Paule, <i>Acting</i> Director of Human Resources
C. R. Dermody, Director of Information Technology	J. H. Bambei, Jr., Chief of Engineering
A. T. Spaulding, Manager of Purchasing	U. Sharma, Treasurer
T. L. McGuire-Collier, Manager of Community and Media Relations	P. Coleman, Manager of Internal Auditing
T. Cristiano, Manager of Rate Administration	S. Schmitzer, Manager of Water Resource Analysis
S. Miller, Manager of Health Care Administration	A. Turney, Chief of Distribution and Property Management
M. O'Neill, Manager of Accounting	G. Wilcox, Manager of Budgeting
G. Fisher, Manager of Demand Planning	T. Roode, Assistant Chief of Engineering
D. Wyman, Engineering Specialist	C. Ward, Internal Auditor
M. Anderson, Engineer	S. Franey, Internal Auditor
C. Strother, Engineer	T. Segura, Budget Analyst

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J. Martin, Engineer	D. Hamm, Account Technician
G. Zervos, Accountant	J. Plonsky, Accountant
A. Chavez, Staff Analyst	S. Niemi, Rate Analyst
C. Gregg, Staff Analyst	A. Rettig, Treasury
S. Seiger, Staff Analyst	U. Sharma, Treasurer
B. Lamb, Assistant Superintendent of Maintenance	D. B. Engleman, Senior Benefits Administrator
G. Zervos, Accountant	P. Kraft, Planner
H. Lauterbach, Business Support	L. Weber, Planner
S. Chesney, Community Affairs Specialist	J. Corona, Vehicle Mechanic
M. Bond, Community Affairs	K. O. Balu, Human Resources
L. Peck, Community Relations	M. Peden, Warehouse
K. O. Balu, Human Resources	M. L. Walker, Attorney
S. Wenkheimer, Design Drafter	M.K. Frishman, Attorney
M. Peden, Warehouse	P. Castillo-Feldhauser, Finance
Pat Fitzgerald, Distributor's Liaison Representative, Platte Canyon Water and Sanitation District and Southwest Metropolitan Water and Sanitation District	Susan K. E. Heinzeroth, Sage River
Janet Corona, Employee Spouse	Kirsta L. Bjork, Sage River
	Bob Bates, Bates Engineering
	Jill Wurtz, Denver Parks and Recreation
	Cliff Thomkins, Esri

Commissioner Lucero 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 September 8 and 22, 2010 was dispensed with
and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes
of the Executive Sessions of September 8 and 22, 2010 were approved.

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Public Comment

Janet Corona addressed the Board regarding the changes to the Employee Medical Benefits for 2011 and her concern of the impact of those changes on the cost of treatment of her serious health problems. Ms. Corona explained her diagnosis, the treatments and health care issues she had undergone over the last several years. Ms. Corona outlined the physical and financial impacts resulting from the medical treatment procedures. Ms. Corona opined that under the new plan, she would no longer be able to afford the cost of specialty treatment, nor the cost of ongoing rehabilitative treatments. Ms. Corona asked that the Board reconsider the changes to the Medical Plan for 2011. Ms. Corona provided the Commissioners with a copy of her prepared remarks, a copy of which is attached to and incorporated in these Minutes as Exhibit "A."

Commissioner Lucero thanked Ms. Corona for her comments.

Ceremonies

Mr. Good introduced Bob Lamb and Heidi Lauterbach as representatives of a Denver Water softball team, who had recently competed in a softball tournament which served as a fundraiser for Water for People. Mr. Lamb explained the tournament raised \$2500 and Denver Water's team won the overall trophy which Mr. Lamb presented to the Board. Mr. Lamb introduced the team members and tournament volunteers some of whom were in attendance: Heidi Lauterbach, Pam Castillo-Feldhauser, Randal Sanchez, Lindsay Weber, Ed Reuda, Bob McFarlane and Cheryl Ward.

The Commissioners thanked the employees for participating and complimented their efforts.

Upon motion regularly made, seconded and unanimously carried by the Commissioners then present, unless otherwise noted, the Board acted upon the following agenda items:

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1. ITEM V–A–1: HUMAN RESOURCE CHANGES

Approved the human resource changes set forth in Agenda Item V-A-1 dated October 13, 2010, a copy of which is attached to and incorporated in these Minutes as Exhibit "B," effective the pay period beginning **September 4, 2010** unless otherwise noted.

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 **October 1, 2010**, unless otherwise noted:

Employee Name	Employment Date	Retirement Plan Participation Date <small>Unless otherwise noted^</small>	Division/Section
Rhonda Birdnow	03/15/2010	03/15/2010	Water Quality #230
Derek Picaso	01/04/2010	01/04/2010	Ditches & Canals #540
Alison Davis	03/08/2010	03/08/2010	Recycled Water Plant #650

3. ITEM V–A–3: CONTRACTS SCHEDULED TO RENEW AND/OR ADD FUNDING FOR THE 4TH QUARTER 2010

Approved renewal and/or additional funding as necessary for the following contracts which are scheduled to expire in the Fourth Quarter 2010:

Custody Agreement with Bank of New York for the period October 31, 2010 to October 31, 2011;

Contract with JP Morgan Chase to provide Lockbox services for the period October 1, 2010 to October 1, 2011;

Contract with Hewlett Packard to provide maintenance and support for the IT Recovery System to January 1, 2011, at an additional cost of \$12,000.00; and

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Contract with Bloomberg LP to provide service, software and equipment for the contract period January 6, 2011 to January 6, 2012, at an additional cost of \$21,000.00,

all as more particularly described in the Attachment to Agenda Item V-A-3, dated October 13, 2010, a copy of which is attached to and incorporated in these Minutes as Exhibit "C."

4. ITEM V-A-4: SECOND AMENDMENT TO AGREEMENT WITH ACCU TEST LABORATORIES

Approved the Second Amendment to the August 12, 2009 Agreement with Accu Test Laboratories (Contract No. 12523A), to provide specialized laboratory services to the Board's Water Quality Laboratory on an as-requested basis through August 12, 2013, at an additional cost of \$80,000, for a total amended contract amount not to exceed \$120,000, all as more particularly described in the Second Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "D."

5. ITEM V-A-5: AUTHORIZATION OF ADDITIONAL FUNDS FOR TRENCHING AND SHORING RENTAL

Authorized \$100,000 of additional funds to the April 1, 2009 Contract with United Rentals (Contract No. 12148A) for the lease of trenching shoring safety materials through March 31, 2011, for a total amended contract amount not to exceed \$200,000.00.

6. ITEM V-A-6: ANNUAL CONTRACT FOR RESILIENT SEATED GATE AND TAPPING VALVES

Authorized the award of a contract to Mueller Company, Ltd. to furnish Denver Water's requirements of gate valves and tapping valves for the contract period of November 1, 2010 through October 31, 2011, at the unit prices set forth in Schedules I and II of Bidder's Proposal No. 13205A, dated

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September 27, 2010, a copy of which is attached to and incorporated in these Minutes as Exhibit "E," for a total contract amount not to exceed \$400,000.

7. **ITEM V-A-7: COOPERATIVE STREAM GAUGING PROGRAM WITH THE U.S. GEOLOGICAL SURVEY**

Authorized entering into an Intergovernmental Agreement with the USGS to provide for the operation of 26 gauging stations for the period October 1, 2010 through September 30, 2011, at a total cost of \$259,900.00, as more particularly described in the Intergovernmental Agreement, a copy of which is attached to and incorporated in these Minutes as Exhibit "F." \$35,272.00 of the total amount will be reimbursed through cooperative agreements with other water users, resulting in a total net cost to Denver Water of \$224,628.00.

8. **ITEM V-A-8: ANNUAL CONTRACT FOR TIRES, TIRE REPAIR SERVICE, ALIGNMENTS AND REPAIRS**

Authorized award of a contract to A&E Tires, Inc. to furnish Denver Water's requirements of tires, tire repair service, front-end alignments and repairs at the unit prices set forth in Schedules I and II of Bidder's Proposal No. 13280A, dated October 8, 2010, a copy of which is attached to and incorporated in these Minutes as Exhibit "G", for the contract period December 1, 2010 through November 30, 2012, at a total cost not to exceed \$450,000.00.

9. **ITEM V-A-9: CONTRACT EXTENSION WITH AELLIUS PROFESSIONAL RESEARCH & CONSULTING, LLC FOR JDE SYSTEM TECHNICAL SUPPORT**

Approved extension of the July 2007 Contract with Aellius Professional Research & Consulting, LLC, Contract No. 10948A, to provide technical support services for Denver Water's Enterprise Financial System for an

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additional 12 months at a cost of \$50,000, and a total amended contract amount not to exceed \$227,000.00.

10. **ITEM V–A–10: CONTRACT EXTENSION WITH SEMPRA PROFESSIONAL SERVICES, LLC FOR IT BUSINESS ANALYSIS AND PROJECT IMPLEMENTATION SERVICES**

Approved extension of the April 2007 Contract with Sempra Professional Services, Contract No. 10956A, to provide the services of Lisa Warther as a Project Lead/Senior Business Analyst, augmenting staffing in the Tier III New Solutions Section of the Information Technology Division, for an additional 12 months, at an additional cost of \$174,000.00, and a total amended contract amount not to exceed \$772,080.00.

11. **ITEM V–A–11: CHANGE ORDER NO. 1 TO THE CONTRACT WITH BT CONSTRUCTION, INC. TO FURNISH AND INSTALL CONDUIT NO. 302**

Approved Change Order No. 1 in the amount of \$75,497.05 to the June 9, 2010 Contract with BT Construction, Inc., for furnishing and installing Conduit No. 302, a 30-inch diameter and 36-inch diameter recycled water pipeline, for a total amended contract amount not to exceed \$1,737,297.05, all as more particularly described in Change Order No. 1, a copy of which is attached to and incorporated in these Minutes as Exhibit "H."

12. **ITEM V–A–12: CONTRACT FOR FLOC/SED BASINS STRUCTURAL REPAIRS — FOOTHILLS WATER TREATMENT PLANT**

Authorized award of a contract to Restruction Corporation for the Foothills Treatment Plant Flocculation/Sedimentation Basins Structural Repairs, Phase II, in the amount of \$164,746.00.

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13. **ITEM V–A–13: CONTRACT FOR LAKERIDGE PUMP STATION
STANDBY GENERATOR ADDITION**

Authorized award of a contract to Golden Triangle Construction, Inc., to supply and install the Lakeridge Pump Station Standby Generator Addition, at a cost to the Board not to exceed \$1,212,443.00.

14. **ITEM V–A–14: CONTRACT FOR GROUND BED AND RECTIFIER
REPLACEMENTS FOR CONDUIT NOS. 93 AND 10**

Authorized award of a contract to Paramount Construction, Inc., for the Conduit No. 93 and Conduit No. 10 Ground-bed and Rectifier Replacement Project at a cost not to exceed \$226,958.00.

15. **ITEM V–A–15: INTERGOVERNMENTAL AGREEMENT WITH THE
COLORADO DEPARTMENT OF TRANSPORTATION FOR THE
RELOCATION AND IMPROVEMENT OF CONDUIT NO. 62 IN HAVANA
STREET AT CHERRY CREEK**

Authorized execution of an Intergovernmental Agreement with the Colorado Department of Transportation (CDOT) to reimburse \$130,000 of the costs of relocation and improvement of Conduit No. 62 at the Havana Street Bridge Crossing of Cherry Creek, all as more particularly described in the Intergovernmental Agreement, a copy of which is attached to and incorporated in these Minutes as Exhibit "I."

16. **ITEM V–A–16: CONTRACT FOR RELOCATION OF CONDUIT NO. 30
AT US HWY 285 AND WADSWORTH BOULEVARD**

Authorized award of a contract to Concrete Works of Colorado, Inc., for the relocation of a portion of Conduit No. 30 at the intersection of U.S. Highway 285 and Wadsworth Blvd., at a cost to the Board not to exceed \$576,610.00. The relocation is made necessary pursuant to the terms of an

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Intergovernmental Agreement with CDOT authorized by the Board on September 8, 2010.

17. **ITEM V–A–17: ON-CALL GENERAL CONSTRUCTION MANAGEMENT SERVICES CONTRACTS FOR ELECTRIC AND I&C INSPECTION**

Approved entering into no-cost On-Call Construction Management Services Contracts for electrical and instrumentation and control inspection services with CH2M-Hill, Carollo Engineers, and Triunity for a one-year period with an option for Denver Water staff to extend each of the contracts for two additional one-year terms depending upon performance of the individual consulting firms.

18. **ITEM V–A–18: 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 August and September 2010 as follows:

Change Order No. 5 to Contract 11014A with Rodney Hunt Company to supply inlet slide gates for Cheesman Dam;

Contingency Change Orders No. 3 and 4 to Contract No. 11992C with Moltz Construction for the Marston Filter Plant No. 2 Upgrade Project;

Change Order No. 1 to Contract 11992E with Moltz Construction, Inc., for the Marston Filter Plant No. 2 Upgrades Amendment No. 4;

Contingency Change Order No. 1 to Contract 11596A with Moltz Civil, LLC for the Williams Fork Small Hydro/Outlet Works Project;

Change Order No. 3 to Contract 12244A with GH Phipps Construction Companies for the HVAC Modifications at Marston Treatment Plant and the Recycling Plant;

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Change Order No. 4 to Contract 12422A with Lillard and Clark Construction, Inc. for the 2099/2010 Vault Modification Project;

Change Order No. 2 to Contract 12575A with Panattoni Construction, Inc., for the Einfeldt Decentralization Station;

Change Order No. 1 to Contract 12597A with Jennison Construction Co., for the Moffat Treatment Plant Headworks Structure Chemical System;

Change Orders No. 2 and 3 to the Contract No. 12635A with U.S.A. Construction, Inc., for the Dillon Dam Hydroelectric Power Plant 10-Year Maintenance Project;

Fifth Amendment to Agreement 11031A with Lee Girbig, LLC to provide engineering services for the Slide Gate Design Review for Cheesman Dam;

Two-Year Extensions for On-Call General Engineering Services Agreements as follows:

Bates Engineering, Inc., Agreement 11107A

Black & Veach Corporation, Agreement 11108A

AECOM Technical Services, Inc., Agreement 11109A

Brown and Caldwell, Inc., Agreement 11110A

Burns & McDonnell Consulting Engineers, Agreement 11111A

Camp Dresser & McKee, Inc., Agreement 11112A

Carollo Engineers, Inc., Agreement 11113A

CH2M Hill, Inc., Agreement 11114A

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HDR Engineering, Inc., Agreement 11118A

Integra Engineering, Agreement 11119A

Kennedy/Jenks Consultants, Agreement 11123A

Lintjer+Haywood Architects, PC, Agreement 11127A

Merrick & Company, Agreement 11129A

Muller Engineering Company, Inc., 11130A

NEI Electric Power Engineering, Inc., Agreement 11132A

Richard P. Arber Associates, Agreement 11134A

SM&RC Structural Engineers, Inc., Agreement 11137A

URS Corporation, Agreement 11141A

Wiss Janney Elstener Associates, Inc., Agreement 11142A

Sturgeon Electric Company, Inc., Agreement 11872A

Stanek Constructors, Inc., 11873A

MWH Americas, Inc. 11874A

Jacobs Engineering Group, Inc., Agreement 11875A

Anderson and Hastings Consultants, Inc., Agreement 12506A

BCER Engineering, Inc., Agreement 12507A

Malcolm Pirnie, Inc., Agreement 12509A

Martin/Martin Consulting Engineers, Agreement 12510A

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Olsson Associates, Inc., Agreement 12511A

SDG Incorporated, Agreement 12513A

Swanson Rink, Inc., Agreement 12514A

Vista Engineering, llc, 12517A

Weston Solutions, Inc., 12518A

WHPacific, Inc., 12519A

Fourth Amendment to Task Order Agreement 11137C with SM&RC Structural Engineers, Inc., for a bridge across the South Boulder Canal;

Second Amendment to Task Order Agreement 12512C with RJH Consultants for Post Construction Engineering Services for Miller Dam;

First Amendment to Agreement 12853A with Bureau Veritas for inspection services for the Williams Fork Small Hydro Project;

First Amendment to Agreement 12960A with SDG Incorporated to provided a feasibility study for the replacement of tanks at the Hillcrest, Highlands and Ashland Reservoir sites;

First Amendment to Agreement 13256A with Restruction Corporation for the Meadow Creek Dam Spillway Repair;

First Amendment to Agreement 13112A with McDade-Woodcock, Inc., for a Lightning Protection System Testing Program;

Second, Third and Fourth Amendments to Agreement 13020A, a master lease agreement with LRC Leasing, LLC;

Eighth and Ninth Amendment to Agreements 11434A with Kronos for the ETMS-Enterprise Time Keeping System,

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all as more particularly described in Agenda Item V-A-18, dated October 13, 2010, a copy of which is attached to and incorporated in these Minutes as Exhibit "J."

19. **ITEM V-A-19: AMENDMENT TO MEDIATION/FACILITATION AGREEMENT WITH BICKERMAN DISPUTE RESOLUTION, PLLC**

Approved the Fifth Amendment to the May 1, 2007 with Bickerman Dispute Resolution, PLLC, extending the time for completion of work to March 31, 2011, and increasing the compensation by \$30,000 to a total amended contract amount not to exceed \$372,500.00, all as more particularly described in the Fifth Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "K."

20. **ITEM V-A-20: FIRST AMENDMENT TO CONTRACT WITH PIONEER SAND AND GRAVEL TO SUPPLY NATURAL CLAY FOR RALSTON RESIDUALS HANDLING FACILITY**

Approved the First Amendment to Contract No. 12777A with Pioneer Sand and Gravel extending the completion date to December 15, 2010 and authorizing an additional \$100,000 to supply natural clay for the Ralston Residual Handling facility with a total amended contract amount not to exceed \$200,000.

21. **ITEM V-B-1: CHANGE TO PERSONNEL POLICIES**

Authorized revisions to Section 14-10-(1) of the Personnel Policies to permit full-time regular employees to use FMLA after the birth of a child, or placement of a child for adoption or foster care, on a reduced leave schedule, all as more particularly described in the revisions to Section 14-1-(1), which are set forth in legislative fashion on Exhibit "L", a copy of which is attached to and incorporated in these Minutes.

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22. **ITEM V-B-2: ANNUAL WAGE AND SALARY SURVEY RESULTS**

Adopted the following statement:

The Board has determined to grant a pay adjustment of 2.4% to all employees, effective January 1, 2011. This adjustment is consistent with salary surveys we have received, as described in the Board item. The Board understands that some employees would be eligible in 2011 for a pay adjustment slightly higher than 2.4% based on the pay step increases provided for in section 12-4 of the Personnel Policies. In order to recognize these pay step increases, the Board will adjust the percentages of pay step increases attributable to various steps from the percentages that appear in the January 2009 Pay Plan. For 2011, the percentage adjustment for Steps 1 through 5 and from step 13 to 14 will be 2.6%; the adjustment for steps 6 through 9 will be .1%. There will be no pay step increase for steps 10 through 13. The provisions of section 12-4 are not modified by this action of the Board.

During the Commissioners' discussion regarding the proposed pay adjustments, it was emphasized that a modification to the overall compensation plan will be considered by the Board in 2011 as a part of its Strategic Plan initiative.

23. **ITEM V-D-1: ANNUAL REVIEW AND AMENDMENT OF THE INVESTMENT POLICY FOR THE WWF PORTFOLIO**

Approved and adopted the Investment Policy Statement for the Water Works Fund, a copy of which is attached to and incorporated in these Minutes as Exhibit "M."

Ms. Bricmont explained that the Investment Policy Statement had not been changed since March, 2007, and because Denver Water's practices are more conservative than the 2007 policy, it was thought prudent to make revisions to more accurately track those practices. Changes are also required in order

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that the policy might be in compliance with the strictures of the Government Finance Officers Association's published recommendations.

24. **ITEM V-E-1: CONTRACT WITH KPMG FOR INDEPENDENT AUDIT SERVICES FOR YEARS 2010 THROUGH 2014**

Authorized entering into a contract with KPMG LLP to furnish external auditing services for the contract period September 1, 2010 through June 30, 2015, for a total contract amount of \$556,305.

Ms. Bricmont explained that a joint contract between KPMG, Denver Water and the City Auditor's office was also included pursuant to requirements of the City Charter.

25. **ITEM V-E-2: AGREEMENT FOR CLOUD SEEDING ACTIVITIES**

Approved entering into an Agreement with Western Weather Consultants LLC and Intrawest/Winter Park Operations Corporation to fund weather modification activity through the winter within the Moffat Collection System area, all as more particularly described in the Agreement, a copy of which is attached to and incorporated in these Minutes as Exhibit "N." The total cost of the project is not to exceed \$107,140, and Intrawest/Winter Park will reimburse 50% of such costs.

26. **ITEM V-E-3: INTERGOVERNMENTAL AGREEMENT WITH THE CITY AND COUNTY OF DENVER – BROADWAY RECONSTRUCTION PHASE II**

Authorized execution of an Intergovernmental Agreement with the City and County of Denver regarding replacement of non-copper service lines in the street right-of-way for Phase II of the City's Broadway Construction Project, at a cost to the Board of \$258,750, all as more particularly described in the Intergovernmental Agreement, a copy of which is attached to and incorporated in these Minutes as Exhibit "O."

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Mr. Wyman explained that the reconstruction of Broadway will be completed in three separate phases, and that the IGA requested to be approved by the Board would continue work which has already begun. Phase III is expected to be started in the Summer of 2011. The parties are still discussing the need for, and provisions of an Intergovernmental Agreement for work which may be required Phase III. Mr. Good explained that a number of lead service lines as well as galvanized service lines have been uncovered during the reconstruction project. Entering into the IGA provided a proactive approach to replacement of such lines.

27. **ITEM V-E-4: INTERGOVERNMENTAL AGREEMENT WITH THE CITY AND COUNTY OF DENVER FOR THE WEST QUINCY AVENUE IMPROVEMENT PROJECT**

Authorized execution of an Intergovernmental Agreement with the City and County of Denver for the costs of relocation of three conduits which will be impacted by the West Quincy Avenue street project: 60-inch Conduit No. 30, 54-inch Conduit No. 109 and a 12-inch water main, at a cost to the Board of \$1,404,000, all as more particularly described in the Intergovernmental Agreement, a copy of which is attached to and incorporated in these Minutes as Exhibit "P."

Ms. Wells explained that the project was discussed beginning in 2005 and that Denver Water's conduits and mains need to be replaced in order for the street to be lowered and widened. Mr. Lochhead explained the Agreement was presented at this time because of the need for the relocation project to coincide with a planned outage of the Marston Treatment Plant. Mr. Lochhead also explained that a Letter of Intent had been negotiated with the City regarding tap fees, street occupancy fees and other issues which have been the subject of discussion with the Board. An Intergovernmental Agreement regarding such issues is expected to be completed by the end of 2010.

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28. **ITEM V–E–5: CHANGE ORDER NO. 5 WITH GLOBAL DIVING AND SALVAGE, INC. FOR THE CHEESMAN UPSTREAM CONTROL PROJECT**

Approved Change Order No. 5 to the October 28, 2009 Contract with Global Diving and Salvage, Inc. (Contract 11577A), copy of which is attached to and incorporated in these Minutes as Exhibit "Q," in the amount of \$288,437.21, for a total amended contract amount of \$13,618,852.80.

Mr. Martin provided an update regarding the project. Mr. Martin explained that improvements to the mid-level outlet were substantially complete with the changes included in Change Order No. 5, and that the contractor is now focusing on the low-level outlet facility. Mr. Martin provided information regarding additional blasting and excavation and subsequent reinforcement which will be required at the low-level tunnel portal. The changes for the low-level portal are being compiled under Work Change Directive No. 12, which is expected to be presented to the Board for approval at the November meeting. Mr. Martin utilized a series of historical photographs and drawings to better acquaint the Commissioners with the facilities that are being replaced. The safety of workers during the current effort and competency of the tunnel for future operations are paramount. Mr. Martin opined that with the current level of activities, substantial completion of the project is expected by November 12.

29. **ITEM V–E–6: FIFTH AMENDMENT TO AGREEMENT WITH BATES ENGINEERING FOR THE WILLIAMS FORK SMALL HYDRO/OUTLET WORKS PROJECT**

Approved the Fifth Amendment to a May 10, 2007 Agreement with Bates Engineering (Contract No. 11017A) for additional construction phase engineering services for the Williams Fork Small Hydro/Outlet Works Project at a cost of \$165,106.34, and a total amended contract of \$1,335,583.34, all as more particularly described in the Fifth Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "R."

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Mr. Mahoney used a series of slides to acquaint the Commissioners with the conditions which had been encountered as the project has evolved. Because of the changed conditions, there was the need for design of a replacement outlet works floor, rock bolting to address rock stabilization and subgrade stabilization as well as the need for more intensive structural and electrical inspection services.

30. **ITEM V-E-7: TASK ORDER AGREEMENT WITH CH2M HILL, INC. FOR THE WILLIAMS FORK SMALL HYDRO/OUTLET WORKS PROJECT CONSTRUCTION MANAGEMENT SERVICES ELECTRICAL AND INSTRUMENTATION AND CONTROL INSPECTION**

Authorized entering into a contract to CH2M Hill, Inc. to provide Electrical and Instrumental and Control Inspection Services for the Williams Fork Small Hydro/Outlet Works Project, at a cost of \$497,980, all as more particularly described in the Construction Management Task Order Agreement, a copy of which is attached to and incorporated in these Minutes as Exhibit "S."

During the Board's consideration of the Agreement, Mr. Mahoney explained that the current contract with Triangle Electric for electrical inspection services would be cancelled, and that the services of Tumbleweed Electric would no longer be required.

31. **ITEM VI-B-1: DISCUSSION AND INFORMATION: SERIES 2010B MASTER RESOLUTION WATER REVENUE BONDS SALE RESULTS**

The Board received a report of the closing of the sale and the delivery of proceeds to the Water Works Fund of the Master Resolution Water Revenue Bonds, Series 2010, a copy of which is attached to and incorporated in these Minutes as Exhibit "T."

Mr. Lochhead noted that the net true interest cost of 3.10% is the lowest debt cost achieved by the Board since 1956.

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32. **ITEM VI-B-2: DISCUSSION AND INFORMATION: 2011 PROPOSED WATER RATES**

Mr. Cristiano provided the Commissioners with a copy of his presentation, 2011 Proposed Water Rates, a copy of which is attached to and incorporated in these Minutes as Exhibit "U."

Mr. Cristiano explained the need for rate adjustments based upon revenue requirements of \$284,000,000 for 2011. Mr. Cristiano presented two scenarios for the Board's consideration and explained the impacts of each of the scenarios on various customer classes inside the city, and in Read-and-Bill, Total-Service and Master-Meter Districts. Mr. Cristiano compared the existing rates with proposed 2011 rates for scenarios 1 and 2 for single family residential, small multi-family and all other users as well as for irrigation and raw and recycled rates. Mr. Cristiano explained that both scenarios meet the financial objectives for revenue for 2011, but that Scenario 1 would result in higher rate adjustments in 2012 and 13, while Scenario 2, which has higher customer impacts in 2011 would provide for a constant rate adjustment over the three year period.

The proposed rates are to be presented later in the day to the Business, Workforce and Sustainability Subcommittee of the Denver City Council, to the Distributors Forum on October 19th and the Citizens' Advisory Committee on October 21. Further information is expected to be presented to the Board at its study session of October 27. Public comment regarding the proposed changes will be scheduled at the November 10 and November 17 meetings. Adoption of the rates is scheduled for the November 17 meeting.

Following discussion of the alternatives and their impact on various customer classes, it was the consensus of the Commissioners that Scenario 1 would be the preferred alternative.

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33. **ITEM VI-C-1: DISCUSSION AND INFORMATION: WATER SUPPLY & DEMAND, LONG-TERM WEATHER FORECAST**

Mr. Steger provided a summary report of forecasts of weather conditions into 2011. Mr. Steger explained that ocean temperatures indicate the winter period will be influenced by the La Niña effect. In La Niña conditions the metro area experiences drier than average conditions in the fall, wetter than average conditions in the winter, and drier conditions returning in the spring. Mr. Steger commented that the reservoirs were in good shape and that the Commissioners would be updated regarding snowpack and reservoir contents through the winter.

Mr. Fischer then provided the Commissioners with September 2010 Weather and Water Demand information together with a graph depicting cumulative water use from April 1 and comparing it with the post-drought average, a copy of which is attached to and incorporated in these Minutes as Exhibit "V." Mr. Fischer commented that September 2010 was the hottest since the 1940s and that the average daily high was more typical for an August than a September high.

34. **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, 2010" as set forth in Agenda Item VI-F-1 dated October 13, 2010, a copy of which is attached to and incorporated in these Minutes as Exhibit "W."

35. **ITEM VI-F-2: DISCUSSION AND INFORMATION: BUDGET STATUS REPORT**

The Commissioners received the 2010 Year-to-Date Budget Status Summary for the period ending **September 30, 2010**, a copy of which is attached to and incorporated in these Minutes as Exhibit "X."

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

The Commissioners received a summary report of Contracts entered in the Third Quarter of 2010, a copy of which is attached to and incorporated in these Minutes as Exhibit "Y."

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

The Board will meet with Executive Staff on **Wednesday October 20, 2010**, between **8:00 a.m.** and **12:00 noon** in the Board Room, Room 309, 1600 W. 12th Avenue, Denver, Colorado, to discuss the strategic plan.

The Board confirmed a Study Session will take place on **Wednesday, October 27, 2010**, at **9:00 a.m.** in the Board Room, Room 309, 1600 W. 12th Avenue, Denver, Colorado. An Agenda will be provided prior to the meeting.

The Board confirmed that the regular meeting for November would take place on **Wednesday, November 10, 2010**, 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 approximately 11:26 a.m.

EXECUTIVE SESSION

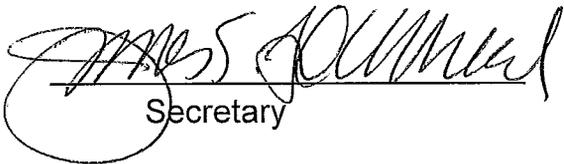
On Wednesday, October 13, 2010, commencing approximately at 11:30 a.m. in the Manager's Office, located in the Administration Building, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners met in Executive Session. The following matter which is authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34 was discussed during the Executive Session:

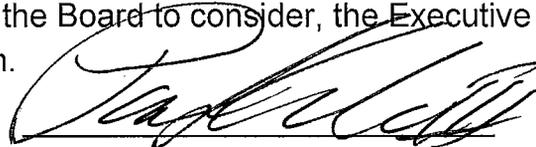
1. External Auditor § 24-6-402(4)(c)
2. Litigation § 24-6-402(4)(b)

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OF THE
BOARD OF WATER COMMISSIONERS

There being nothing further for the Board to consider, the Executive Session concluded at approximately 11:52 a.m.


Secretary


President