

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

OPEN SESSION

May 8, 2013

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, May 8, 2013, beginning at 9:18 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
Penfield W. Tate, III, Vice President

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

D.L. Little, Acting CEO/Manager and Director of Planning	P.L. Wells, General Counsel
A.C. Bricmont, Director of Finance	J.A. Anderson, Director of Customer Relations
S.C. Covington, Director of Public Affairs	T. Roode, Director of Operations and Maintenance
B.D. Good, Deputy Manager of Organizational Improvement	C.R. Dermody, Director of Information Technology
R.J. Mahoney, Director of Engineering	P.A. Carey, Manager of Purchasing and Contracting
C. Elam-Floyd, Director of Human Resources	P.B. Coleman, Chief Internal Auditor
U. Sharma, Treasurer	G. Fisher, Manager of Demand Planning
M.K. Frishman, Attorney	M.E. Elliott, Assistant Director of Public Affairs – Government, Stakeholder Relations and Conservation
T. Bryant, Controller	A.M. Rettig, Treasury Analyst
D.M. Hamm, Staff Analyst	S. Hansz, Engineer
M. O'Neill, Manager of Accounting	G. Zervos, Accountant
E.M. Hewes, Contract Specialist	

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S. Hall, Manager of Communications	S.A. Miller, Manager of Health Care & Benefits Administration
A. Chotiner, Accountant	T. Bray, Environmental Scientist
J. Plonsky, Accountant	K.A. Bates, Attorney
J. Capps, Accountant	M.L. Walker, Attorney
L. Arbuckle, Accountant	A. Alexander, Contract Specialist
S. Sprague, Contract Specialist	L. Dennis, Engineer
J.J. Bogner, Treasury Analyst	
Rod Filliben, KPMG	Mel Rettig, CAC
Erin Herlihy, KPMG	Cliff Deeds, City of Arvada
Jess Masso, KPMG	

Commissioner Austin called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Regular Meetings of April 10, 2013, and April 24, 2013, was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Sessions of April 10, 2013, and April 24, 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. 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:

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1. ITEM V-A-1: HUMAN RESOURCES CHANGES

Approved the human resources changes set forth in Agenda Item V-A-1 dated May 8, 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 May 1, 2013, unless otherwise noted:

Employee Name	Employment Date	Retirement Plan Participation Date <i>Unless otherwise noted^</i>	Division/Section
Crane, Gary D.	2012-10-22	2012-10-22	Engineering Division Distribution Drafting, #257
Nhem, Sam R.	2012-05-15	2012-10-14 ^Exclude prior service as Temporary Status 05/15/12-10/13/12	Operations and Maintenance Division Recycled Water Plant, #650
Pajl, Justin J.	2012-10-15	2012-10-15	Operations and Maintenance Division Recycled Water Plant, #650
Musick, Randy A.	2011-06-28	2012-10-27 ^Exclude prior service as Temporary Status 06/28/11-10/26/12	Operations and Maintenance Division Water Quality, #230
Slater, Heather A.	2012-10-29	2012-10-29	Operations and Maintenance Division Water Quality, #230

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Zeller, Carl D.	2012-10-22	2012-10-22	Operations and Maintenance Division Water Quality, #230
McWilliams, Steven A.	2012-10-08	2012-10-08	Planning Division Raw Water Planning, #340
Johnson, Jodi A.	2012-10-08	2012-10-08	Public Affairs Division Conservation, #022

3. ITEM V-A-3: ADDITIONAL FUNDS AND EXTENSION OF TIME FOR PRESSURE REDUCING VALVES

Authorized additional funds of \$91,183.86 and an extension of time through December 31, 2013, for Contract 14520A with Border Marketing, Inc., to supply Denver Water's requirements of pressure reducing valves, for a total amended contract amount not to exceed \$147,183.86.

4. ITEM V-A-4: AGREEMENT FOR GENERATOR MAINTENANCE SUPPORT SERVICES

Authorized Agreement 14518A with Gas Drive Global (US), Inc., for generator maintenance support services for the contract period May 8, 2013, through May 30, 2015, for a total contract amount not to exceed \$745,879.30.

5. ITEM V-A-5: CONTRACT FOR CLEANING SERVICES AT DENVER WATER FACILITIES

Authorized award of Contract 14801A to Integrated Cleaning Services to provide cleaning services at Denver Water facilities for the contract period June 1, 2013, through May 31, 2015, for a total contract amount not to exceed \$410,000.00.

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6. ITEM V-A-6: CONTRACT FOR CHLORINE BALL VALVES AND ACTUATORS

Authorized award of Contract 14915A to Rust Automation & Controls, Inc., to supply Denver Water's requirements of chlorine ball valves and actuators for the contract period May 8, 2013, through December 13, 2013, for a total contract amount not to exceed \$159,643.46.

7. ITEM V-A-7: PERMANENT AGREEMENT FOR PARTICIPATION IN THE 10825 RECOVERY PROGRAM

Approved entering into a permanent agreement for the 10825 Recovery Program. The program provides for the release of 10,825 acre-feet of water per year to the 15-Mile Reach of the Colorado River for flow augmentation, which aids in the recovery of four species of fish listed as endangered under the Endangered Species Act. West Slope water users will purchase 5,412.5 acre-feet from Ruedi Reservoir. East Slope water users will reimburse the Northern Colorado Water Conservancy District in proportional amounts for the total cost associated with providing the remaining 5,412.5 acre-feet of water from Granby Reservoir through modification of operations of the Redtop Valley Ditch. Denver Water's portion of the total cost will not exceed \$3,963,058.00. The agreement is attached to and incorporated in these Minutes as Exhibit "B."

8. ITEM V-A-8: CONTRACT FOR ORACLE DATABASE LICENSES

Approved the purchase of additional Oracle database licenses and maintenance and support services from Mythics, an Oracle Platinum Partner/reseller, for a total amount not to exceed \$310,063.00, under Contract 11431B.

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9. **ITEM V-A-9: CHANGE ORDER NO. 6 WITH HCP CONSTRUCTORS, INC., FOR CONDUIT NO. 302, A 36-INCH RECYCLED WATER PIPELINE**

Approved Change Order No. 6 to Contract 14024A with HCP Constructors, Inc., for the Conduit No. 302 – 36-Inch Recycled Water Pipeline Project for an addition of \$110,838.20 and an extension for substantial completion of Milestone 2 through April 26, 2013. Change Order No. 6 is attached to and incorporated in these Minutes as Exhibit "C."

10. **ITEM V-A-10: CONTRACT FOR CONDUIT NO. 152 IN SOUTH UNIVERSITY BOULEVARD FROM BIG DRY CREEK TO EAST PEAKVIEW AVENUE AND EAST ORCHARD ROAD FROM SOUTH UNIVERSITY BOULEVARD TO CLARKSON ROAD PROJECT**

Awarded Contract 14257A to T. Lowell Construction, Inc., for Conduit No. 152 in South University Boulevard from Big Dry Creek to East Peakview Avenue and East Orchard Road from South University Boulevard to Clarkson Road Project, at the unit prices set forth on the tabulation of bids, a copy of which is attached to and incorporated in these Minutes as Exhibit "D," for a total contract amount not to exceed \$1,900,000.00.

11. **ITEM V-A-11: CONTRACT FOR THE STRONTIA SPRINGS RESERVOIR AND GROSS RESERVOIR SECURITY IMPROVEMENTS**

Authorized Contract 14981A with Ludvik Electric for the Strontia Springs Reservoir and Gross Reservoir Security Improvements Project, at the unit prices set forth on the tabulation of proposals, a copy of which is attached to and incorporated in these Minutes as Exhibit "E," for a total contract amount not to exceed \$1,189,560.00.

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12. ITEM V-A-12: 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 March 2013 through April 2013 as follows:

Change Order No. 1 to Contract 14107A with Ludvik Electric Company for the 56th Avenue Pump Station and Reservoir Switchyard Replacement;

Change Order No. 2 to Contract 14454A with Western Summit Constructors, Inc., for the Ashland Reservoir Tank Replacement Early Work;

Change Order No. 1 to Contract 14471A with Garney Construction for the Highlands Valve Improvement;

Eighth Amendment to Agreement 12328A with URS Corporation for the Marston Multiple Level Outlet Works;

Eighth Amendment to Agreement 12351A with MWH Americas, Inc., for the Howe-Haller Interconnect Structures; and

First Amendment to Task Order Agreement 14309B with Brown and Caldwell for the Dillon Dam Outlet Works Gate Repairs,

all as more particularly described in the attachment to Agenda Item V-A-12, which is attached to and incorporated in these Minutes as Exhibit "F."

13. ITEM V-D-1: 2012 AUDITED FINANCIAL STATEMENTS

Mr. O'Neill summarized the results of Denver Water's 2012 financial statements. He noted that operating revenues for 2012 had increased to approximately \$282 million, while total operating expenses decreased to \$201

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million. Denver Water's operating income in 2012 was \$81 million, and capital contributions were \$37 million. Mr. O'Neill also reported Denver Water's net assets were valued at \$1.74 billion, an increase of more than six percent since 2011. The assets' replacement value is estimated at \$6 billion to \$7 billion. Mr. O'Neill said Denver Water's financial position is very strong, but he noted staff's concerns regarding potential revenue losses due to the drought.

Mr. Filliben of KPMG addressed the 2012 audit findings and the reports issued on Denver Water's behalf. He explained KPMG's role was to gather enough evidence to issue an opinion on Denver Water's financial status. KPMG was required to report on significant issues it found during the audit; none were found. In a separate set of agreed-upon procedures pertaining to solid waste disposal sites, KPMG noted exceptions of \$65,000 based on understatements of the closure and post-closure costs for Ralston Reservoir and Foothills Water Treatment Plant; KPMG recommended staff review the calculations that resulted in these understatements. Mr. Filliben explained the KPMG opinion would be included in Denver Water's annual comprehensive financial report. He reported all key financial indicators for Denver Water in 2012 were very good. KPMG's findings are attached to and incorporated in these Minutes as Exhibit "G."

The Board approved the 2012 audited financial statements.

14. **ITEM V-E-1: AUTHORIZATION OF FUNDS FOR CAFÉ FOOD SERVICES**

At the request of staff, this item was withdrawn from the Agenda.

15. **ITEM VI-B-1: DISCUSSION AND INFORMATION: HIGH LINE CANAL UPDATE**

Mr. Roode described current discussions between Denver Water and other local governments on the possibility of allowing stormwater in the High Line

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Canal. The other local governments include the City of Aurora, Arapahoe County, Cherry Hills Village, and Greenwood Village. The group has been studying the possibility of using segments of the canal downstream of the Fairmount Cemetery as bio retention facilities. The process would involve collecting the first eighth-inch or quarter-inch of stormwater and diverting it to the canal for up to 72 hours. The plants in the canal would benefit from the sediments and nutrients in the stormwater. Additionally, the trees along the canal would have another water source. Instituting this plan would minimize various entities' needs to construct new stormwater facilities. However, there are challenges to this plan, which Mr. Roode discussed: canal ownership issues; working with the existing customers along the canal; the water rights and augmentation associated with diverting the water; permitting issues; seepage; flooding; and aesthetics. The Urban Drainage and Flood Control District will conduct a more detailed feasibility study to determine whether those challenges can be overcome. The group of local governments would share the \$150,000 cost of the study, with Urban Drainage paying one-third, Denver Water paying one-third, and the remaining jurisdictions paying one-third collectively.

16. **ITEM VI-C-1: DISCUSSION AND INFORMATION: DROUGHT REPORT**

Mr. Fisher updated the Board on the state of the drought. In the past two weeks, there has been a slight decrease in snowpack and a slight increase in inflow into Dillon Reservoir. The reservoir projections should be made soon, and staff continues to be cautiously optimistic about reservoir levels. Normal runoff has not started due to the recent cooler weather. Additionally, customers' water use has remained at winter levels due to the recent precipitation. In Denver Water's watersheds, conditions have improved dramatically. However, the entire state and much of the country remain under drought conditions.

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The Commissioners agreed the drought response plan should stay on course until staff can project reservoir levels. Staff will provide another update at the Board's meeting on May 22, 2013.

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

The Commissioners received the Denver Water Monthly Investment Portfolio Report dated April 30, 2013, as set forth in Agenda Item VI-F-1 dated May 8, 2013, which is attached to and incorporated in these Minutes as Exhibit "H."

18. **ITEM VI-F-2: DISCUSSION AND INFORMATION: DENVER WATER EMPLOYEES' RETIREMENT PLAN TRUST FUND**

The Commissioners received the retirement program update for the first quarter of 2013, a copy of which is attached to and incorporated in these Minutes as Exhibit "I."

19. **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 April 30, 2013, which is attached to and incorporated in these Minutes as Exhibit "J."

20. **ITEM VI-F-6: DISCUSSION AND INFORMATION: 2012 DISPOSAL OF USED VEHICLES AND EQUIPMENT**

The Commissioners received a report on the 2012 disposal of used vehicles and equipment, as described in Agenda Item VI-F-6, a copy of which is attached to and incorporated in these Minutes as Exhibit "K."

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21. **ITEM VI-F-7: DISCUSSION AND INFORMATION: LEGISLATIVE REPORT**

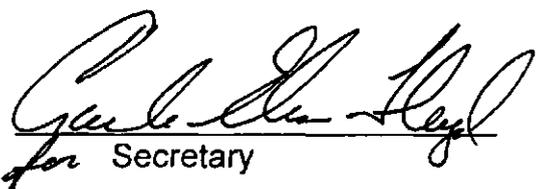
The Commissioners received a legislative report from Chris Piper, Intergovernmental Affairs Coordinator.

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

The Board confirmed a Study Session will take place on **Wednesday, May 22, 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, June 12, 2013, 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 a Trustee Meeting at 10:15 a.m. The Minutes of the Trustee Meeting are maintained separately. The Trustee Meeting adjourned at 10:45 a.m.


for Secretary


President