

## RECORD OF PROCEEDINGS

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### MINUTES OF THE BOARD OF WATER COMMISSIONERS

#### EXECUTIVE SESSION

May 22, 2013

On Wednesday, May 22, 2013, commencing at 10:55 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)
2. Negotiations § 24-6-402(4)(e)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 11:10 a.m.

#### TRUSTEE MEETING

The Board of Water Commissioners, serving in their capacity as Trustees of the Employees' Retirement Plan Trust Fund and as Sponsor of the Supplemental Retirement Savings Plan of the Board of Water Commissioners of the City and County of Denver, met on Wednesday, May 22, 2013, commencing at 11:13 a.m., in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. The Minutes of the Trustee Meeting are maintained separately. The Trustee Meeting concluded at 11:52 a.m., at which time the Board voted unanimously to adjourn into Open Session.

#### OPEN SESSION

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, May 22, 2013, beginning at 11:52 a.m. in the Board Room, Room 309, 1600 West 12<sup>th</sup> Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

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**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:

C. Elam-Floyd, <i>Acting</i> CEO/Manager, Director of Human Resources	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
R.J. Mahoney, Director of Engineering	T. Roode, Director of Operations and Maintenance
U. Sharma, Treasurer	C.R. Dermody, Director of Information Technology
M.K. Frishman, Attorney	P.A. Carey, Manager of Purchasing and Contracting
T.L. McGuire-Collier, Assistant Director of Public Affairs – Communications and Marketing	P.B. Coleman, Chief Internal Auditor
T. Cristiano, Manager of Rate Administration	G. Fisher, Manager of Demand Planning
T. Bryant, Controller	S.L. Chesney, Manager of Media and Executive Communications
D.M. Hamm, Staff Analyst	J.J. Bogner, Treasury Analyst
T.E. Lowe, Manager of Sales Administration	J. Davis, Attorney
K. Balu, Contract Specialist	A.M. Rettig, Treasury Analyst
G. Moore, Engineering Specialist	S. Hall, Manager of Communications
R. Wirth, Supervisor of Treasury Operations	K.A. Bates, Attorney
S.A. Miller, Manager of Health Care and Benefits Administration	R. Steger, Manager of Raw Water Supply
	T. LaPan, Landscape Architect
	D. Engleman, Senior Benefits Administrator
	N. Babyak, Lean Facilitator

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Pat Fitzgerald, Platte Canyon Water and Sanitation District	Chris Catullo, Compass Group USA, Inc.
Alyssa Quinn, Platte Canyon Water and Sanitation District	Adam Rasmussen, Compass Group USA, Inc.
Dave Hartkopf, Green Mountain Water and Sanitation District	Lois Hoffman, Compass Group USA, Inc.
	Bruce Halloran
	Joel Stewart, Milliman

Commissioner Austin called the meeting to order.

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 3-A-1: RENEWAL OF INSURANCE POLICIES**

Approved the additional expenditure of \$31,000.00 for the purchase of the insurance policies described in Agenda Item 3-A-1, a copy of which is attached to and incorporated in these Minutes as Exhibit "A," for a total purchase of \$658,750.00 under Contract 13390B.

2. **ITEM 3-A-2: CONTRACT FOR BROOMFIELD PUMP STATION LANDSCAPE AND IRRIGATION RENOVATIONS**

Awarded Contract 14766A to Environmental Logistics for the Broomfield Pump Station Landscape and Irrigation Renovations Project for a total contract amount not to exceed \$103,846.00.

3. **ITEM 3-B-1: CONTRACT FOR CAFÉ FOOD SERVICES**

Authorized entering into Contract 14791A with Compass Group USA, Inc., for café food services at Denver Water's Administration Building for a contract period of June 1, 2013, through May 31, 2016, for a total contract amount not to exceed \$300,000.00.

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#### 4. ITEM 3-B-2: DROUGHT UPDATE AND RECOMMENDATION

Mr. Fisher explained that water supply conditions continue to improve. Snowpack reached approximately 90 percent of its typical annual peak in both the Colorado River and South Platte River basins. However, while Denver Water's watersheds' conditions have improved significantly, the entire state is still under drought conditions. The drought in southeast Colorado has grown worse.

Denver Water's reservoirs are beginning to fill; they have reached their 2002 levels and continue to increase. Mr. Fisher presented the projected reservoir levels in dry, normal, and wet conditions, noting the current projections show reservoir levels will be at least as high as they were July 1, 2012. Staff will provide updated reservoir projections at the Board's meeting on June 12, 2013.

During the summer, if Denver Water projects reservoir storage will exceed 90 percent of capacity, Mr. Fisher said staff may recommend reducing the drought declaration to Stage 1. He also noted that this month customers reduced their average water consumption by about 100 gallons per day compared to last year. As a result of the improved conditions, he recommended the drought pricing scheduled to take effect June 1, 2013, be delayed by one month, until July 1, 2013. Mr. Fisher's presentation is attached to and incorporated in these Minutes as Exhibit "B."

Commissioner Herzmark inquired about the effect on revenue if drought pricing is delayed. Ms. Bricmont explained Denver Water could lose up to \$2 million in revenue, assuming customers were to reduce their water consumption by 20 percent and drought pricing were to be delayed one month.

Commissioner Tate asked what the consequences would be if the drought declaration were downgraded to a Stage 1 drought in July. A Stage 1 drought declaration would allow customers to irrigate three days per week. Mr. Fisher

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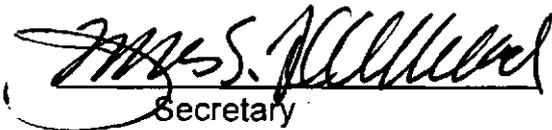
explained the reduction goal for customers would decrease to 10 percent for a Stage 1 drought, which would translate to more revenue.

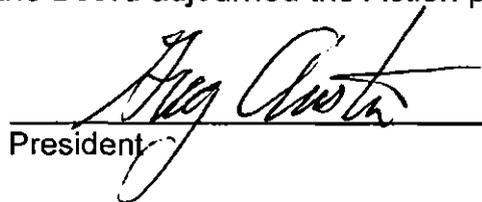
Commissioner Austin asked whether implementing drought pricing would postpone an expected rate adjustment in 2014. Ms. Bricmont confirmed the staff would recommend pushing back the decision on a 2014 rate adjustment until after March 2014 if drought pricing is implemented. Ms. Wells noted the staff has represented to stakeholders and the public that there will be no rate adjustment as long as drought pricing is in place.

Mr. Fitzgerald of the Platte Canyon Water and Sanitation District explained that distributors have not indicated it would be a problem for them to delay the drought pricing. He explained that only about half of the master meter districts are charging the drought pricing to their customers. Mr. Hartkopf of the Green Mountain Water and Sanitation District agreed with Mr. Fitzgerald and opined it would be easy to accommodate a delay.

Whereupon, by unanimous vote, the Board amended the 2013 Drought Declaration dated March 27, 2013, by changing the date when drought pricing will apply from water use billed on or after June 1, 2013, to water use billed on or after July 1, 2013.

No further business appearing, the Board adjourned the Action portion of the meeting at 12:32 p.m.

  
Secretary

  
President