

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

February 8, 2012

Executive Session

Pursuant to Notice, a duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, February 8, 2012 beginning at 9:00 a.m. The first portion of the meeting was an Executive Session, held in the CEO/Manager's office. The subject matter of the Executive Session, which is authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34 was:

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

The Executive Session recessed at approximately 10:05 a.m.

Open Session

The Commissioners convened the Regular Meeting of the Board of Water Commissioners in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado beginning at approximately 10:10 a.m. 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

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
S.C. Covington, Director of Public Affairs	J.A. Anderson, Director of Customer Relations

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

B. D. Good, Deputy Manager of Organizational Improvement	T. Roode, Director of Operations and Maintenance
R. J. Mahoney, Director of Engineering	C. R. Dermody, Director of Information Technology
C. Elam-Floyd, Director of Human Resources	U. Sharma, Treasurer
P. B. Coleman, Chief Internal Auditor	M. L. Walker, Attorney
J. J. Tolmich, Fleet Operations Administrator	J. Chavez, Fleet Technician
E. Weeams, Superintendent of Maintenance	R. G. Steger, Manager of Raw Water Supply
D. L. Batt, Construction Project Manager	M. Leister, Chief of Construction Management
D. M. Raitt, Construction Project Manager	A. Turney, Chief of Distribution and Property Management
W. C. Austin, Manager of Safety and Security	J. M. Barbier, Engineer
N. F. Sperandeo, Recreation Manager	M.L. Anderson, Engineer
D. Hamm, Staff Analyst	E. Holck, Materials Science Engineer
R. Wirth, Supervisor of Treasury Operations	M.E. Elliott, Manager of Water Conservation
S. Miller, Manager of Health Care Administration	K. D. Kuykendoll, Staff Analyst
N. N. Myers, Engineer	C. Piper, Intergovernmental Affairs Coordinator
D. Cogan, Occupational Health Nurse Supervisor	J. F. Davis, Attorney
Chad Masching, GEI Consultants	Georgeann Becker, Peck, Shaffer & Williams

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Commissioner Austin 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 Meeting of January 11, 2012 was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Sessions of January 11 and January 25, 2012 were approved.

Public Comment

Commissioner Austin invited members of the public to comment to the Board on any matter 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 V-A-1: HUMAN RESOURCE CHANGES**

Approved the human resource changes set forth in Agenda Item V-A-1 dated February 8, 2012, a copy of which is attached to and incorporated in these Minutes as Exhibit "A," effective the pay period ending January 20, 2012, unless otherwise noted.

2. **ITEM V-A-2: EMPLOYEES ELIGIBLE FOR REGULAR STATUS**

No employees became classified as regular employees of the Board.

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

3. **ITEM V-A-3: DESIGNATION OF PLACES FOR POSTING NOTICES OF MEETINGS**

In accordance with the requirements of C.R.S. § 24-6-402(2)(c), the Colorado Open Meetings Law, the Board designated the following as places of posting notice of meetings for the year 2012:

1. In the glass enclosed bulletin board near the main entrance to the Administration Building; and
2. On a bulletin board near the elevators on the fourth floor of the City and County Building.

4. **ITEM V-A-4: AGREEMENT FOR LEGAL SERVICES — DEWHIRST AND DOLVEN, LLC**

Approved entering into an Agreement for Legal Services with Dewhirst and Dolven, LLC, for Susan Pray to provide legal assistance to the Board's in-house counsel in support of the Board's Application in Case No. 2004CW121, Water Division No. 1, for an amount not to exceed \$200,000, all as more particularly described in the Agreement for Legal Services, a copy of which is attached to and incorporated in these Minutes as Exhibit "B."

5. **ITEM V-A-5: RATIFICATION OF ADDITIONAL FUNDS AND EXTENSION OF TIME FOR EMERGENCY WATER DAMAGE CLEANUP**

Ratified the expenditure of \$128,484.17 to A-All Dry to complete in-progress damage cleanups and repairs pursuant to Contract 12283A, and extension of the contract through November 30, 2011, for a total amended contract amount not to exceed \$728,484.17.

6. **ITEM V-A-6: AUTHORIZATION OF ADDITIONAL FUNDS FOR TREE AND SHRUB MAINTENANCE AND REMOVAL**

Authorized additional funds in the amount of \$8,000 pursuant to Contract 12161A with Swingle Lawn, Tree and Landscape Care, for a total amended contract amount not to exceed \$108,000.

RECORD OF PROCEEDINGS

**MINUTES
OF THE
BOARD OF WATER COMMISSIONERS**

**7. ITEM V-A-7: FIRST AMENDMENT TO AGREEMENT WITH
SHERMAN AND HOWARD, LLC**

Approved the First Amendment to Agreement 13872A, with Sherman and Howard, LLC, to provide legal assistance to the Board's in-house counsel for the Strontia Springs Reservoir Dredging Project, for a total amended contract amount not to exceed \$415,000, all as more particularly described in the First Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "C."

**8. ITEM V-A-8: CONTRACT EXTENSION WITH SEMPERA
PROFESSIONAL SERVICES FOR COGNOS SYSTEM ADMINISTRATION
SERVICES**

Approved a contract extension with Sempera Professional Services, LLC, to provide the services of Suraj Neupane, to serve as a COGNOS System Administrator for an additional twelve months, at an additional cost of \$180,000, for a total amended contract amount not to exceed \$599,200.

**9. ITEM V-A-9: LEASE AGREEMENT FOR THE USE OF PINEY RIVER
RANCH IN EAGLE COUNTY**

Authorized execution of a Lease Agreement with Piney River Ranch, LLC, to lease Denver Water's Piney River Ranch property for a 15 year term, at an annual rent of \$30,000, subject to adjustment to reflect the then-current lease value in 2017 and 2022, all as more particularly described in the Lease Agreement, a copy of which is attached to and incorporated in these Minutes as Exhibit "D."

**10. ITEM V-A-10: FIRST AMENDMENT TO CONSTRUCTION
MANAGEMENT TASK ORDER AGREEMENT WITH JR ENGINEERING**

Approved the First Amendment to Construction Management Task Order Agreement 13042C, with JR Engineering, for the UPRR Conduits 83, 86 and 301 Relocation Project, for an additional \$48,300, and a total amended compensation not to exceed \$111,400, and extension of the contract completion date to April 6, 2012, all as more particularly described in the First

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "E."

11. **ITEM V-A-11: AMENDMENT NO. 3 WITH T. LOWELL CONSTRUCTION, INC. FOR CONDUIT NO. 58 REPLACEMENT IN 38TH AVENUE FROM MONACO PARKWAY TO QUEBEC STREET**

Approved Amendment No. 3 to the June 8, 2011 contract with T. Lowell Construction, Inc., for the Conduit No. 58 Replacement Project in 38th Avenue from Monaco Parkway to Quebec Street (Contract 12995A), in the amount of \$48,715, and a 2-week extension of time for project completion, all as more particularly described in Amendment No. 3, a copy of which is attached to and incorporated in these Minutes as Exhibit "F."

12. **ITEM V-A-12: AWARD OF CONTRACT FOR 2012 RECLAMATION OF HAZELTINE GRAVEL PIT**

Authorized award of a contract to Black Sand Reclamation, LLC for the 2012 Reclamation of the Hazeltine Gravel Pit, in the amount of \$501,000.

13. **ITEM V-A-13: 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 December 2011 and January 2012 as follows:

Change Order No. 2 to Contract 13120A with K.R. Swerdfeger Construction, Inc., for the Conduit No. 151 Project in Central Park Boulevard from 36th Avenue to Smith Road, and I-70 to Northfield Boulevard;

Amendment No. 2 to Contract 13200A with Clemens Construction Corp. for the Moffat Treatment Plant Headworks Structure CO2 Storage and Feed System Upgrade;

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Amendment No. 1 to Contract 13419A with Concrete Works of Colorado, Inc. for the 2011-2012 Vault Modification Project;

Change Order No. 1 to Contract 13435A with Iron Woman Construction and Environmental Services, for installation of an 8-inch main at East 50th Avenue and Vasquez Boulevard extended;

Change Order No. 1 to Contract 13460A with W.M. Brown Construction for the Bennett Flume Replacement Project;

Second Amendment to Agreement 12928A with BAB Associates for the Ralston Dam and Reservoir Caretaker Houses;

Fourth Amendment to Task Order Agreement 13240B with Tetra Tech, Inc., for the Marston Treatment Plant Headworks Building HVAC Improvements Project;

Third Amendment to Contract 13549A with the Doyle Group to perform database analysis in support of the Board's IT Production and Development Environments; and

Second Amendment to Agreement 07746B with Reinhart, Boerner and Van Dueren to provide described legal services,

all as more particularly described in the Attachment to Agenda Item V-A-13, dated February 8, 2012, a copy of which is attached to and incorporated in these Minutes as Exhibit "G."

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

14. **ITEM V-A-14: CONTRACT FOR TANK INSPECTION AND TESTING AT FOOTHILLS TREATMENT PLANT**

Authorized a contract with Cox Industrial Services, Inc., to provide inspection and testing of pressure tanks, rebuilding tank valves and preparing an summary report documenting the findings all at the Foothills Water Treatment Plant, at a cost of \$96,088.

15. **ITEM V-A-15: INTERGOVERNMENTAL IMPROVEMENTS AGREEMENT WITH JEFFERSON COUNTY**

Approved entering into an *Intergovernmental Improvements Agreement with Jefferson County, Contract 14046A*, in the amount of \$707,630 necessary for the issuance of a grading permit for work at the Harriman Dam site, all as more particularly described in the *Intergovernmental Improvement Agreement*, a copy of which is attached to and incorporated in these Minutes as Exhibit "H."

16. **ITEM V-A-16: THIRD AMENDMENT TO CONTRACT WITH WESTERN UNION**

Approved the *Third Amendment to Agreement with Western Union* modifying the fee structure for payment processing services via the web, interactive voice recognition and customer representative assisted payment platforms, all as more particularly described in *Amendment No. 3*, a copy of which is attached to and incorporated in these Minutes as Exhibit "I."

17. **ITEM V-A-17: DESIGNATION OF SURPLUS PROPERTY AT CHERRY CREEK GALLERIES**

Declared a 4000 square foot parcel of property located on the south side of Iliff, East of Cherry Creek at Valencia Street, all as more particularly described on the attached Exhibit "J" no longer useful or required for present or future waterworks purposes and authorized sale of such parcel to Arapahoe County for construction of roadway improvements, at a compensation of \$2000.

RECORD OF PROCEEDINGS

**MINUTES
OF THE
BOARD OF WATER COMMISSIONERS**

18. ITEM V-D-1: RESOLUTION OF INTENT TO ISSUE TAX EXEMPT SECURITIES FOR FUTURE CAPITAL EXPENDITURES

Adopted the 02-08-12 Reimbursement Resolution providing preliminary authority for financing certain water projects, and for reimbursement of certain expenditures from proceeds of such bonds, for an amount not to exceed \$200,000,000, all as more particularly described in the Resolution, a copy of which is attached to and incorporated in these Minutes as Exhibit "K."

Ms. Sharma explained IRS Regulations require that the Board declare its intent to use tax-exempt bond proceeds to reimburse itself for eligible project expenditures incurred no more than 60 days prior to the adoption of the Resolution. Adoption of the Resolution will enable the Board to preserve its ability to finance capital expenditures for such projects with proceeds from the Revenue Bonds.

Ms. Bricmont introduced Georgeann Becker of Peck Shaffer.

19. ITEM V-E-1: AUTHORIZATION OF ADDITIONAL FUNDS AND EXTENSION OF CONTRACT FOR ARMED GUARD SERVICES

Authorized Amendment to the July 1, 2010 contract with Specialized Protective Services, LLC, in the amount of \$60,000, for a total contract amount not to exceed \$2,560,000, and further authorized extension of the contract to April 30, 2013.

20. ITEM V-E-2: PURCHASE OF VEHICLES FOR 2012

Authorized the purchase of vehicles under the State of Colorado Master Vehicle Contract, at the unit prices described in the Tabulation of Contract No. 14035A, a copy of which is attached to and incorporated in these Minutes as Exhibit "L." Individual awards under the Master Vehicle Contract are as follows:

Item 1 from Dellenbach Motors, at a cost of \$22,339;

Items 2 through 24 from Heritage Ford, at a cost of \$526,581;

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Items 25 through 28 from MHC Kenworth, at a cost of \$391,958;

Items 29 through 44 from OJ Watson, at a cost of \$188,468;

Item 45 from Potestio Brothers, at a cost of \$23,952;

Item 46 from Stone Motors, at a cost of \$23,104;
and

Item 47 from Five R Trailers, at a cost of \$9,140

for a total net cost for all vehicles and equipment of \$1,185,542.

Mr. Weams introduced Jack Tolmich, Fleet Operations Administrator, and reported regarding the replacement cycle for vehicles and equipment. Denver Water currently replaces vehicles after they reach an age of 12 years or 96,000 miles. Mr. Tolmich explained that Denver Water experiences excessive maintenance costs once a vehicle gets into a 12 year-old range, and that it would be more efficient to replace such vehicles at an earlier time. In response to questions from Commissioner Herzmark, Mr. Tolmich explained that short term vehicle leases are not cost-efficient. Vehicle Control is still reviewing the cost efficiency of longer term leases. In response to questions regarding usage of alternative fuel and hybrid vehicles, Mr. Tolmich explained the State now includes both electric and hybrid vehicles on its purchase platform. While large trucks are also available through the state's purchase platform, Denver Water's experience has been that such vehicles are not efficient for the types of usage Denver Water experiences.

21. **ITEM V-E-3: CONTRACT EXTENSION WITH SANDS ENTERPRISES, INC. FOR IT DISASTER RECOVERY PROJECT MANAGEMENT SERVICES**

Approved extension of the March 1, 2010 contract with Sands Enterprises, Inc., to provide the services of Beverly Scott to serve as project manager for the IT Disaster Recovery Project through February 28, 2014, at an additional

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

cost of \$340,000, and a total amended contract amount not to exceed \$680,000.

Mr. Dermody explained the IT Disaster Recovery Project, which was launched in early 2011, will extend through 2013. Total cost of the project is currently estimated in excess of \$6,000,000.

22. **ITEM V-E-4: CONTRACT EXTENSION WITH WIPRO LIMITED FOR CIS DEVELOPMENT & SUPPORT SERVICES**

Approved extension of the January 1, 2008 contract with Wipro Limited to provide the services of Ashok Kumar and Parikshith Upadhyaya for an additional year at an additional cost of \$160,000, and a total amended contract amount of \$1,290,000.

Mr. Dermody explained the two individuals are required for the *Mobile Customer Service Field System* and the CIS upgrade project. The hourly rates will depend on whether the individuals are working offshore or onshore.

23. **ITEM V-E-5: CHANGE ORDER NO. 8 WITH MOLTZ CIVIL, LLC FOR THE WILLIAMS FORK SMALL HYDRO/OUTLET WORKS**

Approved Change Order No. 8 to the October 28, 2009 contract with Moltz Civil, LLC, Contract 11596A, resulting in a credit of \$120,000, all as more particularly described in the Change Order, a copy of which is attached to and incorporated in these Minutes as Exhibit "M."

24. **ITEM V-E-6: CHANGE ORDER NO. 1 WITH U.S.A. CONSTRUCTION, INC. FOR THE WILLIAMS FORK RESERVOIR INSTALLATION OF NEW HYDRO TURBINE AND GENERATOR**

Approved Change Order No. 1 to the May 24, 2011 contract with U.S.A. Construction, Inc., Contract 13377A, for installation of a new hydro turbine and generator at the Williams Fork Reservoir, in the amount of \$127,970, and extension of the contract completion date to August 1, 2012, all as more particularly described in Change Order No. 1, a copy of which is attached to and incorporated in these Minutes as Exhibit "N."

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

**25. ITEM V-E-7: CONTRACT FOR DILLON DAM OUTLET WORKS
GATE REPAIRS**

Authorized award of contract to Gracon Corporation, for the Dillon Dam Outlet Works Gate Repairs in the amount of \$2,942,940.

Mr. Myers explained the project is a combination of four separate projects: gate and bypass system repairs; electrical system improvements; spillway lining repair; and cathodic protection installation. The project is required because of aging infrastructure and equipment, the outlet works having been constructed in the 1960s. Mr. Myers noted the work will present challenges for access because of the location of the facilities and the on-going need to operate the outlet facility. Mr. Myers provided photographs showing cavitation and corrosion damage, and the outdated electrical and operations units. The project is expected to be concluded by February 2013.

**26. ITEM V-E-8: RATIFICATION OF WORKERS' COMPENSATION
INSURANCE POLICY FOR 2012**

Ratified the binder with Travelers Insurance for the Workers Compensation policy renewal and authorized expenditure of \$1,697,000 for such coverage.

Ms. Elam-Floyd introduced Ms. Cogan, occupational health nurse and explained that Denver Water's clinic together with Dr. Hugh McCaulay, were instrumental in keeping Denver Water's Workers Compensation costs down. Ms. Elam-Floyd reported only 39 lost days were incurred in 2011.

**27. ITEM VI-B-1: DISCUSSION AND INFORMATION: LEGISLATIVE
UPDATE**

Mr. Piper spoke briefly regarding House Bill 12-1078, Senate Bill 12-097 and House Bill 12-1003. Mr. Piper reported that a proposed bill would be introduced to address intergovernmental agreements for wildfire prevention and mitigation efforts. Mr. Piper commented regarding proposed Initiatives 3 and 45, which the Colorado Water Congress is opposing. Mr. Piper recommended that Denver Water contribute \$1,000 to the efforts of the Water Congress to fund the cost of the on-going lawsuit regarding title setting for

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

such initiatives. The consensus of the Commissioners was to support the recommendations outlined by Mr. Piper.

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

The Commissioners received the report, "Denver Water Investment Portfolio as of January 31, 2012" as set forth in Agenda Item VI-F-1 dated February 8, 2012, a copy of which is attached to and incorporated in these Minutes as Exhibit "O."

29. **ITEM VI-F-3: DISCUSSION AND INFORMATION: BUDGET STATUS REPORT**

The Commissioners received the 2012 Year-to-Date Board Budget Status Summary as of January 31, 2012, as set forth in Agenda Item VI-F-3 dated February 8, 2012, a copy of which is attached to and incorporated in these Minutes as Exhibit "P."

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

The Board confirmed the next meeting would be a Study Session to be held **Wednesday, February 22, 2012, at 9:00 a.m.** in the Board Room, Room 309, 1600 W. 12th Avenue, Denver, Colorado. An Agenda will be posted prior to the meeting. A portion of the meeting will take place in Executive Session.

The Board confirmed the first meeting in March would take place on **Wednesday, March 14, 2012, at 9:00 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 11:03 a.m.

RECORD OF PROCEEDINGS

**MINUTES
OF THE
BOARD OF WATER COMMISSIONERS**

RECONVENED EXECUTIVE SESSION

On Wednesday, February 8, 2012, commencing approximately at 11:05 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners Reconvened its 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:

West Slope Mediation § 24-6-402(4)(b)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 11:26 a.m.


Secretary



President