

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Open Session

November 9, 2011

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, November 9, 2011 beginning at 9:26 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, 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	M. L. Walker, <i>Acting</i> 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
B. D. Good, Special Assistant to the CEO/Manager	T. Roode, Interim 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	G. T. Malmberg, Sales Administrator
T. L. McGuire-Collier, Manager of Community and Media Relations	P. Coleman, Chief Internal Auditor
U. Sharma, Treasurer	G.C. Berg, Treasury Analyst
A.M. Baker, Community Relations Specialist	S. Chesney, Community Relations Specialist

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

G. Fisher, Manager of Demand Planning	J.H. Graves, Legal Office Management Assistant
S. N. Niemi, Rate Analyst	R. S. Peters, Water Resource Engineer
C. Piper, Intergovernmental Affairs Coordinator	K. M. Rahill
R.A. Slade, Planner	J.L. Seagram, Construction Project Manager
L.R. Weber, Planner	E.L. Urban, Engineering Systems Technician
S.M. Franey, Senior Internal Auditor	J.M. Hanstrom, Laborer
D.D. Shable, Engineer	J.C. Huerta, Customer Care Specialist
T.K. Segura, Budget Analyst	S. C. Reum, Assistant Chief of Engineering
W. C. Austin, Manager of Safety and Security	C. Ward, Senior Internal Auditor
K.J. Long, Information Security Manager	M. O'Neill, Manager of Accounting
N. F. Sperandeo, Recreation Manager	N. Streno, Assistant Superintendent of T&D
R. Wirth, Supervisor of Treasury Operations	K.A. Bates, Attorney
A. Rettig, Treasury Analyst	D. Hamm, Staff Analyst
G. Wilcox, Manager of Budgeting	J.A. Landis, Finance Technician
L. Billeter, Staff Analyst	C.M. Shaw, Executive Assistant
E. Hernandez, Superintendent of Transmission & Distribution	P.A. Carey, Manager of Purchasing and Contracting
Becky Long, Colorado Environmental Coalition, Citizens' Advisory Committee	Jonathan Stanley, Allied Barton Security Services
Lee Alves, Simpler North America	Sharon Baker, Simpler North America

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Commissioner Lucero called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, Commissioners Austin and Tate were found to be absent for substantial cause and were excused.

Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Regular Meeting of October 26, 2011 was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Sessions of October 21 and October 26, 2011 were approved.

Public Comment

Commissioner Lucero invited members of the public to comment to the Board on any matters not included in the Agenda for the meeting. There was no response.

Introduction of Employees

Mr. Dermody introduced and the Commissioners welcomed Kevin Long, newly appointed Information Security Officer for Denver Water.

Ceremonies

Mr. Roode reported that Denver Water had received the Best of the Best Award at a recent AWWA Convention, which award was in recognition of the quality and taste of the water produced by Denver Water.

Mr. Lochhead then introduced Erika Urban and commented that the employees who would be introduced had participated as team members representing Denver Water in activities not readily identifiable with Denver Water.

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Ms. Urban introduced those employees in attendance who had participated in four separate teams for the May 2011 Colfax Marathon. For the fourth year in a row, the Men's Team took first place with an average time of 6 minutes and 41 seconds per mile. Denver Water's Women's Team placed second overall with an average time of 10 minutes per mile. Denver Water also fielded two co-ed teams which ran 8 minute 31 second and 9 minute 46 second per mile average times. Ms. Urban explained that Kaiser-Permanente awarded the Men's First Place team a check of \$4500, which was donated by the team members to the Boys and Girls Club of Metro Denver.

Ms. Urban then introduced members of the Dragon Boat Team, H2Row, and reported that in its second year of participation Denver Water's Team took First Place, beating the five-time defending champion. The Commissioners and Executive Team complimented the Denver Water employees for their efforts. Employees who participated in the Colfax Marathon teams and the Dragon Boat team are set forth on Exhibit "A."

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 November 9, 2011, a copy of which is attached to and incorporated in these Minutes as Exhibit "B," effective the pay period ending **October 28, 2011** unless otherwise noted.

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

No employees were eligible for regular status.

RECORD OF PROCEEDINGS

**MINUTES
OF THE
BOARD OF WATER COMMISSIONERS**

3. ITEM V-A-3: FIRST AMENDMENT TO CONTRACT FOR PROFESSIONAL SERVICES WITH SENTER, GOLDFARB & RICE LLC

Approved the First Amendment to the October 1, 2009 Agreement with Senter, Goldfarb & Rice LLC, Contract 12579A, to provide specialized legal services in employment claims and litigation as required by the General Counsel through October 31, 2013, all as more particularly described in the First Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "C."

4. ITEM V-A-4: ANNUAL CONTRACT FOR ENVELOPES

Authorized award of a contract to National Envelope to provide Denver Water's requirements for envelopes for the contract period November 10, 2011 through November 30, 2013, for a total contract amount not to exceed \$180,000.

5. ITEM V-A-5: ANNUAL CONTRACTS FOR DRY BARREL FIRE HYDRANTS AND EXTENSION KITS

Authorized award of contracts to H.D. Supply Waterworks to supply Denver Water's requirements of dry barrel fire hydrants, extension kits and AVK extension kits, pursuant to Schedules I and II of Bidders' Proposal No. 13770A, at a cost not to exceed \$420,000, and to American Flow Control to supply Denver Water's requirements of Watrous extension kits pursuant to Schedule III of Bidders' Proposal No. 13770A, for a total contract amount not to exceed \$35,000, both contracts awarded for the period January 1, 2012 through December 31, 2014.

6. ITEM V-A-6: AUTHORIZATION OF ADDITIONAL FUNDS FOR BITUMINOUS COLD PATCH MATERIAL

Authorized \$225,000 of additional funds pursuant to the December 10, 2009 contract with Aggregate Industries, Contract 12702A to provide bituminous cold patch material, for a total amended compensation not to exceed \$2,125,000, and extended the contract completion date to February 29, 2012.

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

7. **ITEM V-A-7: AUTHORIZATION OF ADDITIONAL FUNDS FOR ARMED GUARD SECURITY SERVICES**

Authorized \$120,000 in additional funds pursuant to the December 9, 2009 contract with Professional Security, LLC, Contract 12547A, to provide armed guard security personnel at critical facilities, for a total amended contract amount not to exceed \$2,812,272.

8. **ITEM V-A-8: AUTHORIZATION OF ADDITIONAL FUNDS FOR COLOR PRINTING EQUIPMENT AND SERVICES**

Authorized \$126,000 of additional funds pursuant to the March 1, 2010 contract with All Copy Products, Contract 12583A, to provide color printing equipment and services through February 2013, for a total amended contract amount not to exceed \$346,000.

9. **ITEM V-A-9: AUTHORIZATION OF ADDITIONAL FUNDS AND EXTENSION OF CONTRACT DATE FOR NALCLEAR 8181 POLYMER**

Authorized \$60,000 of additional funds pursuant to the January 1, 2010 contract with Nalco Company, Contract 12591A, to provide Denver Water's requirements of Nalclear 8181, a nonionic polymer used as a filtration aid in the water treatment process, for a total amended compensation amount not to exceed \$280,000 and further authorized extension of the contract completion date to December 31, 2013.

10. **ITEM V-A-10: AUTHORIZATION OF ADDITIONAL FUNDS FOR SAW-CUTTING SERVICES**

Authorized \$200,000 of additional funds pursuant to the June 1, 2011 contract with Russ T. Diamonds, Inc., Contract 13467A, to provide saw-cutting services on an as-needed basis thru April 30, 2012 for a total amended compensation not to exceed \$300,000.

RECORD OF PROCEEDINGS

**MINUTES
OF THE
BOARD OF WATER COMMISSIONERS**

11. ITEM V-A-11: FIRST AMENDMENT TO AGREEMENT WITH THE TOWN OF DILLON FOR AQUATIC NUISANCE SPECIES INSPECTIONS

Approved entering into the First Amendment to the August 13, 2008 Agreement with the Town of Dillon to provide aquatic nuisance species inspection at the Dillon Marina, Contract 11755A, for an additional \$7,000, and a total amended contract amount not to exceed \$107,000, all as more particularly described in the First Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "D."

12. ITEM V-A-12: CHANGE ORDER NO. 2 WITH ASPHALT SPECIALTIES, INC. FOR THE HAZELTINE GRAVEL PIT RECLAMATION PROJECT

Approved Change Order No. 2 in the amount of \$55,774.85, to the March 9, 2011 contract with Asphalt Specialties, Inc., for the Hazeltine Gravel Pit Reclamation Project, Contract 13488A, for a total amended contract amount of \$854,469, all as more particularly described in the Change Order, a copy of which is attached to and incorporated in these Minutes as Exhibit "E."

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 September and October 2011 as follows:

Change Order No. 1 to the contract with Archer Western Construction, LLC, for the Elizabeth Street Pump Station Conversion Project, Contract 12865A;

Change Order No. 3 to the contract with Aslan Construction for the Lamar Pump Station Project, Contract 12963A;

Change Order No. 4 to the contract with Reynolds, Inc., for the construction of a portion of Conduit No. 302, Contract 12965A;

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Change Order No. 1 to the contract with Jennison Construction Co., Inc., for the Foothills Sodium Hydroxide System Improvements Project, Contract 13306A;

Amendment No. 1 to the contract with USA Construction, Inc., for installation of a new hydro turbine and generator at Williams Fork Reservoir, Contract 13377A;

Change Order No. 1 to the contract with Yenter Companies, Inc., for blasting at the Ralston Quarry, Contract 13637A;

Third Amendment to Agreement with Carollo Engineers, for the Marston Headworks Improvement Project, Agreement 13028A;

First Amendment to the Agreement with Jacobs Engineering for Conduit No. 28 and Montbello Recycled Water Mains, Agreement 13420A;

First Amendment to Agreement with Lafarge West, Inc., to supply squeegee sand and aggregate base course, Agreement 12669A; and

Second Amendment to Agreement with Northern Barricade for rental of traffic control barricades, Agreement 12682A,

all as more particularly described in the attachment to Agenda Item V-A-13, dated November 9, 2011, a copy of which is attached to and incorporated in these Minutes as Exhibit "F."

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

14. **ITEM V-E-1: CONTRACT FOR ARMED GUARD SECURITY SERVICES**

Authorized entering into a contract with Professional Security LLC to provide armed guard security services at critical facilities and large construction projects in the Denver Metropolitan Area, for the contract period January 1, 2012 through December 31, 2013, for a total contract amount not to exceed \$2,700,000.

Mr. Austin explained the process used to select the armed security guard service provider and the criteria utilized to screen the respondents. Mr. Austin noted because of the critical nature of the contract, cost was not the only factor. Mr. Austin highlighted the criteria utilized including number of years in business, number of employees, qualification and experience of current employees, location and type of service provided to references, employee training and hourly contract price.

Jonathan Stanley of Allied Barton Security Services addressed the Board regarding the qualifications of his firm. Mr. Stanley explained that Allied Barton provided security to 80 separate water treatment and power plants across the United States and also maintained Federal security clearances for its employees.

15. **ITEM V-E-2: CONTRACT FOR PRINTING SERVICES**

Authorized award of a contract to Lange Graphics to provide Denver Water's requirements for printing and direct mail services through December 31, 2015, for a total contract amount not to exceed \$630,000.

Ms. Covington explained that, although Lange Graphics had been selected to provide a wide variety of printing services, Denver Water's 2012 budget included additional funds which would permit staff to enter into smaller contracts with local printers in an effort to prequalify those firms prior to the time the next annual contract is bid.

RECORD OF PROCEEDINGS

**MINUTES
OF THE
BOARD OF WATER COMMISSIONERS**

**16. ITEM V-E-3: AMENDMENT TO PERSONNEL POLICIES FOR
SUCCESSION PLANNING**

Approved Amendment to the Personnel Policies by inclusion of a new section 14-34, Succession Planning – Pre-Retirement Part-Time Employment, effective November 9, 2011 as more particularly described on Exhibit “G,” attached to and incorporated in these Minutes.

Ms. Elam-Floyd explained the policy would allow key employees to work part-time for a period up to 2 years prior to retirement. Such arrangement would be the subject of an agreement which would be authorized by the CEO/Manager. Mr. Lochhead noted a limited number of key positions in the organization would be affected by the proposed transition agreement. The Commissioners requested that staff provide a periodic report of the use of such agreements.

17. ITEM V-E-4: AGREEMENTS FOR BOND & DISCLOSURE COUNSEL

Authorized entering into Agreements with Peck, Shaffer & Williams, LLP to serve as bond counsel and to provide arbitrage calculation services at a cost of \$110,000 for the first year and with Kutak Rock, LLP to provide disclosure counsel services at a cost of \$100,000 for the first year, such contracts being for a three-year term, beginning January 1, 2012, with an option to renew for two additional one-year terms at the Board's discretion, all as more particularly described in the contracts, copies of which are attached to and incorporated in these Minutes as Exhibits “H” and “I”.

**18. ITEM V-E-5: CONTRACT FOR CONSTRUCTION OF THE WYNETKA
STATION**

Authorized award of a contract to White Construction Group, Ltd, for construction of the Wynetka Station, which contract includes demolition of six existing structures and construction of an office building, a combination garage/storage building, and a materials storage/test facility building, together with associated site utilities and landscaping, at a cost of \$4,941,000.

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Julie Seagren, Construction Project Manager, was introduced and provided information to the Board regarding the project. The final completion date for the project is November 2, 2012.

19. **ITEM V-E-6: AGREEMENT WITH WONG STRAUCH ARCHITECTS FOR CONSTRUCTION ADMINISTRATION SERVICES FOR THE WYNETKA STATION**

Authorized entering into an Agreement with Wong Strauch Architects in the form of Exhibit "J," attached to and incorporated in these Minutes to provide architectural, landscape architectural, civil, structural and mechanical construction services for the construction of the Wynetka Station, at a cost of \$139,195.

20. **ITEM VI-B-1: DISCUSSION AND INFORMATION: SIMPLER PRESENTATION**

Mr. Good introduced Lee Alves and Sharon Baker, representatives of Simpler North America, who provided information regarding the Lean Process. Mr. Good reported Ms. Wilcox had recently led an informal Rapid Improvement Event involving the Warehouse and T&D, which process was well-received and the results of which had been implemented into Denver Water's ongoing operations. Mr. Alves explained the lean process is intended to build on the existing spirit of Denver Water and the employees' desire for innovation. Ms. Baker spoke briefly regarding her initial impressions of how the process could be utilized to implement various HR functions. Ms. Wilcox described the process which she had chaired and the results which had been attained. Mr. Alves noted Denver Water would be the first utility in the U.S. to take on an enterprise-wide approach to implementation of a Lean process. The Commissioners thanked Mr. Alves and Ms. Baker for attending the meeting and providing further information regarding the proposed process.

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

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

The Commissioners received the report, "Denver Water Investment Portfolio as of October 31, 2011" as set forth in Agenda Item VI-F-1 dated November 9, 2011, a copy of which is attached to and incorporated in these Minutes as Exhibit "K."

22. **ITEM VI-F-2: DISCUSSION AND INFORMATION: RETIREMENT PLAN TRUST FUND — MONTHLY PERFORMANCE SNAPSHOT**

The Commissioners received the report "September 2011 Performance Snapshot for the Employees' Retirement Plan Trust Fund," a copy of which is attached to and incorporated in these Minutes as Exhibit "L."

23. **ITEM VI-F-3: DISCUSSION AND INFORMATION: DENVER WATER UNAUDITED OPERATING REPORT FOR NINE MONTHS**

The Commissioners received the report "Board Summary Operating Results – Unaudited for Nine Months Ending September 30, 2011 and 2010," a copy of which is attached to and incorporated in these Minutes as Exhibit "M."

24. **ITEM VI-F-4: DISCUSSION AND INFORMATION: YEAR-TO-DATE BOARD BUDGET SUMMARY**

The Commissioners received the 2011 Year-To-Date Board Budget Status Summary for the period ending October 31, 2011, a copy of which is attached to and incorporated in these Minutes as Exhibit "N."

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

The Board confirmed that a regular meeting would take place on **Wednesday, November 16, 2011, at 9:00 a.m.** in the Board Room, Room 309, 1600 W. 12th Avenue, Denver, Colorado. The Agenda, for the meeting will be distributed and posted prior to such meeting. A portion of the meeting will take place in Executive Session.

RECORD OF PROCEEDINGS

MINUTES
OF THE
BOARD OF WATER COMMISSIONERS

The Board confirmed that the regular meetings for December would take place on **Wednesday, December 7** and **December 14, 2011**, at **9:00 a.m.** in the Board Room, Room 309, 1600 W. 12th Avenue, Denver, Colorado.

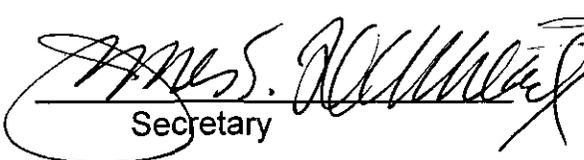
No further business appearing, the Board voted unanimously to adjourn into Executive Session at approximately 11:10 p.m.

EXECUTIVE SESSION

On Wednesday, November 9, 2011, commencing approximately at 11:10 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 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 §24-6-402(4)(b)
2. Mediation §24-6-402(4)(a)(b)&(e)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 11:22 a.m.


Secretary


President