

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

OPEN SESSION

August 14, 2013

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, August 14, 2013, beginning at 9:06 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:

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
R.J. Mahoney, Director of Engineering	T. Roode, Director of Operations and Maintenance
C. Elam-Floyd, Director of Human Resources	C.R. Dermody, Director of Information Technology
U. Sharma, Treasurer	P.A. Carey, Manager of Purchasing and Contracting
M.K. Frishman, Attorney	P.B. Coleman, Chief Internal Auditor
T. Cristiano, Manager of Rate Administration	M.E. Elliott, Assistant Director of Public Affairs – Government, Stakeholder Relations and Conservation
T. Bryant, Controller	T. Thompson, Media Relations Coordinator
D.M. Hamm, Staff Analyst	D. Bennett, Environmental Scientist
T.E. Lowe, Manager of Sales Administration	J. Figurelli, Budget Analyst
J.S. Walker, Contracts Supervisor	

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E. Holck, Construction Project Manager-Engineer	R. Reidy, Internal Communications Specialist
D. Shable, Engineer	S.A. Miller, Manager of Health Care and Benefits Administration
D. Wyman, Distribution Projects Coordinator	K. Balu, Manager of Employment and Compensation
K. Knoll, Manager of Stakeholder Relations	S. Snyder, Special Projects Coordinator
B. Dittman, Law Clerk	R. Steger, Manager of Raw Water Supply
M. Turney, Engineer	J. Tejral, Manager of Water Conservation
K. Keefe, Superintendent of Source of Supply	W.C. Austin, Manager of Safety and Security
J. Ross, Engineer	T. Bray, Environmental Scientist
A. Chavez, Staff Analyst	T. Segura, Budget Analyst
D. Brinker, Engineer	K. Bates, Attorney
M. Gutierrez, Construction Project Manager	V. Nealey, Office Management Assistant
E. Weeams, Superintendent of Maintenance	K. Kuykendoll, Staff Analyst
S. Price, Engineer	C. Ward, Senior Internal Auditor
J. Shaw, Conservation Specialist	S. Franey, Senior Internal Auditor
M. Cassalia, Conservation Specialist	M. Iverson, Division Office Business Manager
C. Fikan, Contract Support Technician	L. Billeter, MWBE/SBE Program Outreach Coordinator
	M. O'Neill, Manager of Accounting

Pat Fitzgerald, Platte Canyon Water
and Sanitation District

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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 July 10, 2013, and July 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 July 10, 2013, and July 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.

Ceremonies

Mr. Holck presented the ACI Award of Excellence that Denver Water received for its innovative concrete mix design used at the Lone Tree Treated Water Storage Tank. The design is more durable and dense and longer-lasting than traditional designs. The Lone Tree project was one of the first in the world to utilize this mix for this purpose. Mr. Holck spoke at the ACI national convention about the project. The same mix design will be used at the Ashland, Highlands, and Hillcrest tanks.

Commissioner Austin remarked on the Eagle River Appreciation Award that Denver Water received during a recent tour of the Upper Eagle River Valley water supply system. The Eagle River Water & Sanitation District presented the award to thank Denver Water for its cooperation, assistance, and partnership over the last several years.

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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 RESOURCES CHANGES

Approved the human resources changes set forth in Agenda Item V-A-1 dated August 14, 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 August 1, 2013, unless otherwise noted:

Employee Name	Employment Date	Retirement Plan Participation Date <small>Unless otherwise noted*</small>	Division/Section
Bolt, Gary M.	2012-01-17	2013-01-19 *Exclude prior service as Temporary Status 01/17/12-01/18/13	Engineering Division Civil Engineering, #211
Sponsel, Zachary M.	2013-01-28	2013-01-28	Operations and Maintenance Division Emergency Services, #770
Bautista, Jennifer M.	2013-01-23	2013-01-23	Operations and Maintenance Division Foothills, #610
Montgomery, Sean M.	2013-02-04	2013-02-04	Operations and Maintenance Division Foothills, #610
Binns, Brendon A.	2013-02-04	2013-02-04	Operations and Maintenance Division Recycled Water Plant, #650

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Swain, Robert	2013-01-16	2013-01-16	Operations and Maintenance Division Security, #430
Van Atten, Robin L.	2012-05-21	2012-09-29 •Exclude prior service as Temporary Status 05/21/12-09/28/12	Operations and Maintenance Division Water Quality #230

3. ITEM V-A-3: CORRECTED PERMANENT AGREEMENT FOR PARTICIPATION IN THE 10825 RECOVERY PROGRAM

Approved the corrected Upper Colorado River Endangered Fish Recovery Program, Recovery Implementation Program, and Recovery Action Plan Participation Agreement between Denver Water and the Northern Colorado Water Conservancy District, which is attached to and incorporated in these Minutes as Exhibit "B."

4. ITEM V-A-4: AGREEMENT FOR BULK FUEL PURCHASES

Authorized Agreement 15121A with Hill Enterprises, Inc., DBA Hill Petroleum, for bulk fuel purchases for the contract period August 14, 2013, through July 31, 2016, for a total contract amount not to exceed \$5,000,000.00. The Agreement is attached to and incorporated in these Minutes as Exhibit "C."

5. ITEM V-A-5: ADDITIONAL FUNDS FOR RADIO EQUIPMENT SERVICES

Authorized the Third Amendment to Contract 13154A with Bear Valley Communications, Inc., dba KNS Communications Consultants, for radio equipment services, for additional funds of \$136,000.00 and a total amended contract amount not to exceed \$286,000.00. The amendment is attached to and incorporated in these Minutes as Exhibit "D."

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6. **ITEM V-A-6: CHANGE ORDER NO. 2 FOR THE SOUTH PLATTE COLLECTION SYSTEM NORTH METRO HOWE-HALLER A/B AND HOWE-HALLER B/HAZELTINE RESERVOIR INTERCONNECT STRUCTURES**

Approved Change Order No. 2 to Contract 12892A with American West Construction, LLC, for the South Platte Collection System North Metro Howe-Haller A/B and Howe-Haller B/Hazeltine Reservoir Interconnection Structures in the amount of \$125,666.96, which is attached to and incorporated in these Minutes as Exhibit "E."

7. **ITEM V-A-7: CONTRACT FOR MOFFAT TREATMENT PLANT CHLORINE BALL VALVE REPLACEMENT**

Authorized entering into Contract 14864A with Archer Western Construction, LLC, for the Moffat Treatment Plant Chlorine Ball Valve Replacement Project, for a total contract amount not to exceed \$116,115.00.

8. **ITEM V-A-8: CHANGE ORDER NO. 2 FOR THE PLATTE CANYON RESERVOIR SPILLWAY MODIFICATION PROJECT**

Approved Change Order No. 2 to Contract 12915A with Archer Western Construction, LLC, for the Platte Canyon Reservoir Spillway Modification Project in the amount of \$110,648.96, which is attached to and incorporated in these Minutes as Exhibit "F."

9. **ITEM V-A-9: DISSOLUTION AGREEMENT FOR EAST CHERRY HILLS WATER DISTRICT**

Approved a Dissolution Agreement among Denver Water, the East Cherry Hills Water District, and the City of Cherry Hills Village, to dissolve the district and include its service area in the city's service area under the city's existing total service contract with Denver Water. The Dissolution Agreement is attached to and incorporated in these Minutes as Exhibit "G."

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10. **ITEM V-A-10: REVISIONS TO OPERATING RULE 2.08 REGARDING PARTICIPATION CHARGES**

Approved revisions to Operating Rule 2.08 regarding participation charges. The revised rule, which is attached to and incorporated in these Minutes as Exhibit "H," is more closely aligned with the management of existing participation contracts.

11. **ITEM V-A-11: INTERGOVERNMENTAL AGREEMENT FOR REMOTE OPERATION OF CERTAIN WATER SUPPLY PUMPS**

Approved the Intergovernmental Agreement for Remote Operation of Certain Water Supply Pumps with the Southgate Water District. The agreement, which is attached to and incorporated in these Minutes as Exhibit "I," allows Denver Water to remotely operate certain water supply pumps belonging to the district. This remote operation will allow both organizations to better manage storage tank levels and minimize operational impacts to each other.

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 June 2013 through July 2013 as follows:

Change Order No. 2 to Contract 13290A with McDade-Woodcock, Inc., for the Marston Water Treatment Plant Headworks HVAC Improvements;

Change Order No. 9 to Contract 14024A with HCP Constructors for Conduit No. 302 – 36-Inch Recycled Water Pipeline;

Change Order No. 1 to Contract 14549A with Hudspeth & Associates, Inc., for the Antero Reservoir Fuel Station Installation Project;

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Third Amendment to Agreement 13530A with Brown and Caldwell for the Highlands Treated Water Basin 1 and 2 Replacement; and

Second Amendment to Task Order Agreement 14321B with GEI Consultants, Inc., for the Marston South Dam Geologic and Seepage Investigation,

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 "J."

13. ITEM V-A-13: REQUEST FOR VARIANCE OF LEGAL DIVISION PROFESSIONAL SERVICES BUDGET

Approved a variance of \$500,000.00 in the Legal Division's professional services budget, to be used as a contingency for unanticipated legal needs.

14. ITEM V-E-1: CDOT U.S. 6 BRIDGES DESIGN-BUILD PROJECT

Approved the Utility Relocation Agreement for the Colorado Department of Transportation ("CDOT") U.S. 6 Bridges Design-Build Project, which is attached to and incorporated in these Minutes as Exhibit "K."

Mr. Wyman explained the CDOT project involves improvements to West 6th Avenue between Federal Boulevard and Interstate 25, including replacing five bridges. The project will require relocation of Denver Water's Conduit No. 3 on the Federal Boulevard bridge and several distribution mains throughout the project limits. CDOT will fund and construct the relocations. The work also will include betterments to be constructed by CDOT and funded by Denver Water. While the Utility Relocation Agreement does not commit any funding, it is anticipated Denver Water will pay for the betterments in 2015 at an estimated cost of \$850,000.00.

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15. ITEM V-E-2: CONTRACT FOR CONDUIT NO. 10 CEMENT-MORTAR LINING REMOVAL AND REPLACEMENT

Authorized entering into Contract 14795A with Heitkamp, Inc., for the Conduit No. 10 Cement-Mortar Lining Removal and Replacement Project, for a total contract amount not to exceed \$3,499,999.00, at the prices shown on the tabulation of proposals attached to and incorporated in these Minutes as Exhibit "L."

Mr. Shable explained this project will involve the replacement of the cement-mortar lining in 7.5 miles of a 54-inch conduit that was installed in 1973. The current lining, which is intended to protect against corrosion, is failing. As a result, the steel has become exposed and corroded. It is anticipated the new lining will extend the conduit's life by 50 years. It was determined the replacement project would be more cost-effective than replacing the whole conduit at a cost of approximately \$15 million.

16. ITEM V-E-3: AGREEMENT FOR GROSS RESERVOIR GEOTECHNICAL DRILLING PROJECT

Authorized entering into Agreement 15127A with Crux Subsurface, Inc., for the Gross Reservoir Geotechnical Drilling Project, for a total contract amount not to exceed \$242,662.57. The Agreement is attached to and incorporated in these Minutes as Exhibit "M."

Mr. Brinker described the drilling project, in which the contractor will blast an area of rock from a test quarry on Denver Water property and recover 20-30 truckloads of material to be crushed and analyzed. The drilling will take six to eight weeks to complete. The purpose of the project is to determine the quality and quantity of gravel and sand that can be produced from the quarry to potentially be used as building material for the enlarged Gross Dam. Mr. Mahoney explained that an outside expert panel as well as in-house experts will oversee the project and the determinations made about the material. Mr. Lochhead cautioned that the project will not provide complete information

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about the material that may be available on site. Rather, the project team will learn more about the potential materials closer to the time of construction.

17. **ITEM V-E-4: IRRIGATION EFFICIENCY-DEMAND SIDE
MANAGEMENT AGREEMENT WITH DENVER HOUSING AUTHORITY**

Approved the Irrigation Efficiency-Demand Side Management Agreement with the Housing Authority of the City and County of Denver, by which Denver Water will pay the Housing Authority for one year of water savings achieved through irrigation system and landscaping improvements at four housing sites. Denver Water will track the savings and make pro-rated payments for three years. The agreement, for a total contract amount not to exceed \$262,724.00, is attached to and incorporated in these Minutes as Exhibit "N."

18. **ITEM V-E-5: WISE PARTNERSHIP – WATER DELIVERY
AGREEMENT**

Approved the WISE Partnership – Water Delivery Agreement between Denver Water, the City of Aurora, and the South Metro WISE Authority, which is attached to and incorporated in these Minutes as Exhibit "O."

Mr. Bennett explained the agreement requires Denver Water and Aurora to equally supply a total of 5,000 acre-feet of water from reusable return flows to South Metro from 2016 until June 1, 2020. After June 1, 2020, Denver Water and Aurora will provide 72,250 acre-feet over successive ten-year blocks or an average of 7,225 acre-feet annually, also split equally between them. The deliveries by Denver Water and Aurora are variable and interruptible. Denver Water will receive payment for the water it provides at the nonpotable rate charged to customers outside the Combined Service Area, multiplied by 1.5 because South Metro will reuse the water. Included in the rate paid by South Metro will be a 12.5% surcharge to be deposited into the West Slope Fund maintained by the Colorado River Water Conservation District. Further, South Metro agrees to the Abstention Provisions in the Colorado River

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Cooperative Agreement and to enforce those provisions against WISE Project members.

The Board also approved the Resolution of the Board of Water Commissioners, dated August 14, 2013, regarding the Board's support for the WISE Project to enhance regional cooperation and efficient use of limited water supplies. The resolution is attached to and incorporated in these Minutes as Exhibit "P."

19. ITEM V-E-6: MEMORANDUM OF UNDERSTANDING REGARDING AGREEMENT TO RESERVE WISE WATER FOR DOUGLAS COUNTY

Approved the Memorandum of Understanding Regarding Negotiations for an Agreement Reserving WISE Project Water for Douglas County ("MOU") among Denver Water, the City of Aurora, the South Metro WISE Authority, and Douglas County. The MOU commits the parties to negotiate an option agreement that will reserve for Douglas County an average of 2,775 acre-feet of WISE water per year, under terms substantially similar to the WISE Partnership – Water Delivery Agreement. The MOU is attached to and incorporated in these Minutes as Exhibit "Q."

Mr. Bennett explained Douglas County would use the remaining WISE water to reduce its reliance on non-tributary groundwater, particularly by smaller water users in the county that are not part of the WISE Project. If the parties to the MOU do not reach an agreement by December 31, 2013, the MOU will terminate.

Commissioners Austin and Tate and Mr. Lochhead commended Mr. Bennett and other staff for several years of work on the WISE Project.

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20. ITEM VI-B-1: DISCUSSION AND INFORMATION: 2014 OPERATING BUDGET

Ms. Bryant presented a preliminary operating budget for 2014. She noted several changes were made to the 2013 budget throughout the year due to the drought. Some of the deferrals and budget cuts from 2013 are expected to be reinstated in the 2014 budget. While there are no significant changes from the original 2013 budget, the 2014 budget is anticipated to be two percent higher. Some of the increases for the 2014 budget are the result of planned work at Dillon Dam, cathodic protection at Denver International Airport, software projects, revising the chart of accounts, the Employer of the Future Project, and making the annual Forest Health payment, which was delayed in 2013.

21. ITEM VI-B-2: DISCUSSION AND INFORMATION: CAMPUS PLAN DELIVERY WORKFLOW

Mr. Ross reviewed the delivery workflow for the plan to redevelop Denver Water's main campus, which is attached to and incorporated in these Minutes as Exhibit "R." The plan is made up of three major parts: tasks for 2013, tasks for 2014, and construction from 2015 to 2024.

Before the end of 2013, staff would like to negotiate a contract with an external program manager for the duration of the project. The Board recommended issuing a request for proposals for the program manager. Also this year, Survey staff will be mapping utilities on the campus and creating a site plat.

In 2014, with guidance from the external program manager, Denver Water will contract with a lead architect and a lead general contractor for the project. Staff also will choose an internal program manager and establish an internal core team representing all divisions to provide feedback on the project. By the end of 2014, staff and the contractors will review the program phasing and budgeting and refine them as necessary.

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In 2015, the construction process will begin, including designing the facilities, bidding the projects, and construction. The program is intended to be flexible, with starting and stopping points throughout the duration.

Staff will continue to update the long-term budget as adjustments are made to the campus plan.

***22. ITEM VI-B-3: DISCUSSION AND INFORMATION: MWBE/SBE UPDATE**

Ms. Knoll provided an update on Minority- and Women-Owned Business Enterprise ("MWBE") and Small Business Enterprise ("SBE") participation by contractors in 2012. Construction projects include individual goals for MWBE participation, which was approximately 14 percent. For construction-related contracts, participation was approximately 12 percent.

There are no established goals for use of SBEs. However, in 2012, the SBE participation rate for contractors working throughout Denver Water was approximately 13 percent. For construction-related contracts the same year, SBE participation was approximately 7 percent. Mr. Mahoney noted that the SBE participation rate may be understated because contractors are not required to report their SBE status. In order to provide better tracking of SBE participation, Denver Water contracts will begin to include a section where contractors may note their SBE status.

Ms. Knoll described the outreach events staff has held and plans to hold in the future to introduce MWBE and SBE contractors to Denver Water and to other contractors. Additionally, staff is revising the Executive Guideline on the MWBE/SBE program.

Ms. Knoll also presented the recently completed disparity study by the City and County of Denver on the use of MWBE and SBE contractors. The study found an ongoing disparity in construction and construction-related fields.

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Staff will keep the Board informed of the City's anticipated ordinance regarding the use of MWBEs and SBEs.

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

The Commissioners received the Denver Water Monthly Investment Portfolio Report dated July 31, 2013, as set forth in Agenda Item VI-F-1 dated August 14, 2013, which is attached to and incorporated in these Minutes as Exhibit "S."

24. ITEM VI-F-3: DISCUSSION AND INFORMATION: BOARD SUMMARY OPERATING RESULTS

The Commissioners received a summary of Denver Water's accrual-basis operating results for 2012 and the first six months of 2013, which is attached to and incorporated in these Minutes as Exhibit "T."

25. ITEM VI-F-4: DISCUSSION AND INFORMATION: REVIEW OF PROPERTY BURDENS AND DISPOSALS 2ND QUARTER 2013

The Commissioners received a report for the Second Quarter 2013 of actions taken by the CEO/Manager or his designees under the authority granted to him by the Board to burden or dispose of Board property or that involve the expenditure of more than \$10,000.00, a copy of which is attached to and incorporated in these Minutes as Exhibit "U."

Commissioner Austin inquired about the rental pricing, appraisals, and wait list for the cabins Denver Water leases in the Two Forks area. Mr. Mahoney will provide this information to the Board.

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26. **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 July 31, 2013, which is attached to and incorporated in these Minutes as Exhibit "V."

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

The Board confirmed a Study Session will take place on **Wednesday, August 28, 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, September 11, 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 Executive Session at 10:52 a.m.

EXECUTIVE SESSION

On Wednesday, August 14, 2013, commencing at 10:52 a.m. in the Board Room, Room 309, 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:

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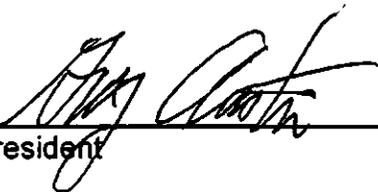
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1. Attorney-Client Matters § 24-6-402(4)(b)
2. Negotiations § 24-6-402(4)(e)

There being nothing further for the Board to consider, the Executive Session concluded at 10:56 a.m.



for Secretary, J.S. LOCHHEAD



President