

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Open Session

June 8, 2011

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, June 8, 2011 beginning at 9:25 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
H. Gregory Austin, 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
M.E. Elliott, Interim Director of Public Affairs	B. D. Good, Special Assistant to the CEO/Manager
G.A. Rygh, <i>Acting</i> Director of Operations & Maintenance	R. J. Mahoney, Director of Engineering
E.R. Decker, <i>Acting</i> Director of Information Technology	C. Elam-Floyd, Director of Human Resources
M. L. Walker, Attorney	P. Coleman, Manager of Internal Auditing
R. G. Steger, Manager of Raw Water Supply	J.M. Barbier, Engineer
B.W. Balley, Construction Project Manager	D.M. Raitt, Construction Project Manager
E. Weeams, Superintendent of Maintenance	V.L. Gaiter, Engineering Specialist
K. R. Keefe, Superintendent of Source of Supply	K. Urie, Environmental Scientist
J.M. Ross, Engineer	S. Reum, Engineer
J. Light, Engineer	S.C. Hansz, Engineer
S. Miller, Manager of Health Care	D. B. Engleman, Human Resource Specialist

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Administration

D. Hamm, Staff Analyst

S.N. Niemi, Rate Analyst

P. Daukas, Manager of Environmental
Planning

L. Billeter, Staff Analyst

T. Hassman, Manager of Purchasing

T.K. Segura, Budget Analyst

G. Fisher, Manager of Demand Planning

A. Holmquist, Recycled Water Program
Manager

David Spector, Citizens' Advisory
Committee

Drew Beckwith, Western Resource
Advocates

Commissioner Lucero called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Regular Meetings of May 11 and 25, 2011 was dispensed with and such Minutes were approved.¹

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Sessions of May 11 and 25, 2011 were approved.¹

Public Comment

In response to Commissioner Lucero's invitation to members of the public to comment to the Board regarding matters not included in the Agenda, Drew Beckwith, a water policy analyst with Western Resource Advocates spoke regarding the Flaming Gorge pipeline. Mr. Beckwith commented that Western Resource Advocates did not support construction of the pipeline, which would divert water from Flaming Gorge Reservoir to the Front Range, because of the cost, the environmental impacts, and the potential impact on existing water users, both in the Colorado River Basin and along the Front Range. Mr. Beckwith asked that the Board continue to provide solutions to the need for a water supply which included an emphasis on, recycling and conservation and that the Board become aware of how the proposed project could negatively impact the environment as well as Denver Water's operations and water

¹ Commissioner Tate was called from the room and did not participate in consideration of the Minutes of the Regular Meetings or the Executive Sessions.

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rights. The Commissioners thanked Mr. Beckwith for his comments. Mr. Lochhead noted the Flaming Gorge pipeline was not a Denver Water proposed project, nor was it one in which Denver Water had considered participating.

Commissioner Lucero asked if there were any comments from other members of the public. 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 change set forth in Agenda Item V-A-1 dated June 8, 2011, a copy of which is attached to and incorporated in these Minutes as Exhibit "A," effective the pay period ending **May 27, 2011**, unless otherwise noted.

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 **June 1, 2011**, unless otherwise noted:

Employee Name	Employment Date	Retirement Plan Participation Date <small>Unless otherwise noted^</small>	Division/Section
Ryan Gregg^	10/19/2009	11/27/2010 ^Exclude Prior Service as Temporary Status 10/19/2009 to 11/26/2010	Water Quality #230
Nathan Elder	11/15/2010	11/15/2010	Raw Water Planning #340
Christi Vitry^	07/27/2010	10/30/2010 ^Exclude Prior Service as Temporary Status 07/27/2010 to 10/29/2010	Customer Care #460

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3. **ITEM V-A-3: CONTRACTS SCHEDULED TO RENEW AND/OR ADD FUNDING IN THE 3RD QUARTER OF 2011**

Approved renewal and/or additional funding as necessary for the following contracts which are scheduled to expire in the third quarter 2011:

Contract with IBM Corporation to provide TM1 Software for the period August 1, 2011 through July 31, 2012, at an additional cost of \$140,000;

Contract with AssetWorks to provide Fleet Management software for the contract period October 1, 2011 through September 30, 2012 for an additional \$40,000;

Contract with Genesys Telecomm Lab, Inc., to provide telephone system software for the contract period October 1, 2011 through September 30, 2012, for an additional \$40,000;

Contract with Microsoft Services to provide development software support for the contract period July 7, 2011 through July 7, 2012 for an additional \$60,060;

Contract with Bowe Bell & Howell for water bill inserting equipment maintenance for the contract period July 1, 2011 through June 30, 2012 for an additional \$14,000;

Contract with Oracle Corporation to provide Human Resources software for the contract period October 1, 2011 through September 30, 2012 at an additional cost of \$100,000;

Contract with Cyber-Ark Software, Inc., to provide Password Vault software for the contract period September 3, 2011 through September 3, 2012, for an additional \$15,000; and

Contract with Kronos, Inc., to provide Workforce Timekeeper for the period ending September 1, 2013, for an additional \$60,000;

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all as more particularly described in the attachment to Agenda Item V-A-3, dated June 8, 2011, a copy of which is attached to and incorporated in these Minutes as Exhibit "B."

4. **ITEM V-A-4: SUBACCOUNT IN WATERWORKS FUND**

Rescinded the Board Resolution dated January 9, 1996, creating the Land Sales Account.

5. **ITEM V-A-5: ANNUAL CONTRACT FOR TRENCH ROTOMILLING**

Authorized award of a contract to TMT Cutters, Inc., to furnish Denver Water's requirements of trench rotomilling for the period July 1, 2011 through June 30, 2013, at a cost not to exceed \$210,000.

6. **ITEM V-A-6: CHANGE ORDER NO. 3 WITH T. LOWELL CONSTRUCTION, INC. FOR THE 2010/2011 VAULT MODIFICATIONS PROJECT**

Approved Change Order No. 3 in the amount of \$96,915, including changes of the Substantial Completion Date, Intermediate Milestone Date and Final Completion Date under the contract with T. Lowell Construction, Inc., Contract 12916A, for the 2010/2011 Vault Modification Program for a revised contract amount of \$2,015,036.

7. **ITEM V-A-7: AWARD OF CONTRACT FOR REPLACEMENT OF THE BENNETT FLUME FOR THE HIGH LINE CANAL**

Authorized award of a contract to W.M. Brown Construction Corporation for the High Line Canal Bennett Flume Replacement Project in the amount of \$417,480.

8. **ITEM V-A-8: CONTRACT FOR THE 2011 INACTIVE TAP CLEANUP**

Authorized award of a contract to BT Construction, Inc., for the 2011 Inactive Tap Cleanup Project, in the amount of \$139,420.

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9. **ITEM V-A-9: CHANGE ORDER NO. 3 WITH CONCRETE WORKS OF COLORADO, INC. FOR THE CONSTRUCTION OF CONDUIT NO. 74 AT SMITH ROAD NEAR HAVANA STREET**

Approved Change Order No. 3 in the amount of \$128,377.08 to the December 8, 2010 contract with Concrete Works of Colorado, Inc., Contract 12953A, for relocation of Conduit No. 74, together with 36" and 42" water pipelines and 12" and 16" mains in Smith Road near Havana Street, all of which is necessary for the East Corridor Commuter Rail Project, with a revised contract amount of \$2,332,114.07, all as more particularly described in Change Order No. 3, a copy of which is attached to and incorporated in these Minutes as Exhibit "C."

10. **ITEM V-A-10: ACQUISITION OF PROPERTY FOR THE ARROW TUNNEL**

Approved payment of \$246,500 to Arrowhead Winter Park Investors, LLC under the terms of a Settlement Agreement by which the Board will acquire property necessary for the Arrow Tunnel, as shown on the drawing which is attached to and incorporated in these Minutes as Exhibit "D."

11. **ITEM V-A-11: 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 April through May 2011, as follows:

Change Order No. 2 to contract 12215A with Garney Companies, Inc., for the Roberts Tunnel East Portal Outlet Works Upgrade Project;

Change Order No. 1 to contract 12815A with BT Construction, Inc., for the South Boulder Diversion Conduit Siphon 5 Replacement Project;

Change Order No. 2 to contract 12916A with T. Lowell Construction, Inc. for the 2010/2011 Vault Modification Project;

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Change Order No. 1 to contract 12970A with Jennison Construction Co., Inc., for the Foothills Lunchroom Remodel; and

Fifth Amendment to Master Lease Agreement 13020A with LRC Leasing LLC/Lewan & Assoc. for additional equipment,

all as more particularly described in Agenda Item V-A-11, dated June 8, 2011, a copy of which is attached to and incorporated in these Minutes as Exhibit "E."

12. **ITEM V-A-12: AGREEMENT WITH JACOBS ENGINEERING GROUP, INC. FOR THE DESIGN OF CONDUIT NO. 308 AND MONTBELLO RECYCLED WATER MAINS**

Authorized entering into an Agreement with Jacobs Engineering Group, Inc., for the design, drafting, surveying and a future option for construction administration services for Conduit No. 308, approximately 20,000 lineal feet of 24" diameter recycled water transmission pipeline from East 49th Avenue and Peoria Street to East 56th Avenue and Chambers Road and approximately 17,000 lineal feet of 4" – 12" diameter recycled water distribution mains from Denver Water's Conduits No. 302 and 308 which are necessary to serve Denver Parks and schools in the Montbello neighborhood, at a cost of \$283,791, all as more particularly described in the Agreement, a copy of which is attached to and incorporated in these Minutes as Exhibit "F."

13. **ITEM V-E-1: AMENDMENT TO CHAPTER FOUR OF THE OPERATING RULES**

Adopted changes to Section 4.02.2 to the Board's Operating Rules regarding cost of conversion from potable to nonpotable water service, as more particularly shown in legislative fashion on Exhibit "G" attached to and incorporated in these Minutes.

14. **ITEM V-E-2: AWARD OF CONTRACT FOR REPLACEMENT OF CONDUIT NO. 58 IN 38TH AVENUE**

Authorized award of a contract to T. Lowell Construction, Inc., for the Conduit No. 58 Replacement Project, which will extend in 38th Avenue from Monaco

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Parkway to Quebec Street, a distance of approximately 2400 lineal feet, at a cost of \$939,000.

Ms. Barbier explained the project was originally budgeted for construction in 2012, but was accelerated to take advantage of a scheduled outage for Conduits 151 and 74. The project will replace a concrete pipeline installed in the 1940s to provide a water supply to the Rocky Mountain Arsenal.

15. **ITEM V-E-3: AWARD OF CONTRACT FOR RALSTON DAM AND RESERVOIR CARETAKER RESIDENCES²**

By a vote of 3 to 1, with Commissioners Austin, Herzmark and Gougeon voting "Aye," and Commissioner Lucero voting "Nay," authorized award of a contract to Construction Concepts, Inc., for the construction of two new caretaker houses at the Ralston Dam and Reservoir Facility, including demolition of existing houses, at a cost of \$688,997.

Mr. Ross explained that following the discussion at the May 11 meeting, staff had gathered additional information regarding the project. As part of the additional review, Gene Myers of New Town Builders reviewed the proposed project and made suggestions including revisions to the floor plan. Mr. Mahoney explained energy rating efficiencies will be determined in order to improve the template for use for construction of future caretaker residences. Replacement residences are currently planned for Dillon Reservoir and Antero Reservoir. A caretaker's home is also under consideration for the Downstream Reservoir Project.

16. **ITEM V-E-4: 2012-2014 CIGNA ASO RENEWAL RATES²**

Authorized execution of an Administrative Services Agreement with Connecticut General Life Insurance Company (CIGNA), in the form of Exhibit "H," attached to these Minutes, Denver Water's third-party administrator for the medical plan and authorized services at the following fee rates:

² Commissioner Tate was called from the room and was not able to participate in the consideration or vote of Agenda Items V-E-3 or V-E-4.

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- Open Access Plus (OAP) with Medical Management \$40.81/employee/month
- OAP Access Fee (Includes Medical Management fee, Disease Management fee and Narcotics Therapy fee) \$23.66/employee/month

Based on the same number of covered employees for 2012, 2013, and 2014, the total estimated contact amount of \$930,000 per year will result in a total authorized amount of \$2,790,000.

Ms. Elam-Floyd explained that staff had presented an information item to the Board at its January 26, 2011 Study Session regarding the cost to rebid this and other benefit contracts. Based upon discussion at that time, the Commissioners agreed that the cost of issuing requests for proposal and rebidding the benefit provider contracts would outweigh the benefits of new contracts.

17. **ITEM V-E-5: AMENDMENTS TO CONSTRUCTION MANAGEMENT ("ON-CALL") SERVICES AGREEMENTS 2011-2012**

Approved amendment of current Construction Management ("On-Call") Contracts to extend the time for such agreements to September 8, 2012.

Brett Balley explained there are twenty-two on-call agreements for construction management services, all of which were scheduled to expire by October 2011. The firms were permitted to propose labor rate adjustments for the extended time and the adjustments ranged from -10% to +5%. Mr. Balley explained the Task Order Agreement is used for services for a project under \$100,000. If a project will require services in excess of \$100,000, the proposed agreement is brought to the Board for approval.

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During the Board's discussion, Commissioner Lucero asked that Staff provide information to the Commissioners regarding the maximum dollar authority of the CEO/Manager to enter into contracts and contract amendments.

18. **ITEM V-E-6: CONTRACT EXTENSION WITH SEMPRA PROFESSIONAL SERVICES FOR APPLICATION SUPPORT & DEVELOPMENT SERVICES**

Approved extending the December 2009 contract with Sempra Professional Services, Inc. Contract 12714A, to provide the services of Kevin Hinshaw, who has been filling a core IT Position in the Tier II Application Support Section of the Information Technology Division for an additional twelve months at the current charge of \$77 per hour for an additional cost of \$154,000, and a total amended contract amount of \$394,240.

Commissioner Tate expressed his ongoing concern with extension of existing professional services contracts for IT support and development without seeking proposals from other qualified consultants. Mr. Lochhead noted that the Staff intends to bring a discussion item to the Commissioners in September or October.

19. **ITEM V-E-7: FRASER RIVER NONPOINT SOURCE POLLUTION CONTROL IGA**

Approved entering into an Intergovernmental Agreement with the Colorado Department of Transportation, Grand County and the Town of Winter Park, regarding construction and operation of a sediment containment area at Denver Water's existing Fraser River Diversion Dam facility, a copy of which is attached to and incorporated in these Minutes as Exhibit "I."

Mr. Urie provided information to the Commissioners regarding the project benefits and its history. Mr. Urie explained the project will improve water quality, aquatic and riparian habitats and will capture and remove bed load sediments caused by road cut erosion and CDOT's continued maintenance and sanding operations along U.S. Highway 40. Road sanding of US 40 over Berthoud Pass has caused water quality problems for more than 20 years and

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was initially addressed in 1996 when Denver Water and CDOT applied for a Clean Water Act Section 319 Funding Project. The original project was constructed in the fall of 1999 and a year later determined to not be a workable solution. The East Grand County Water Quality Board reinitiated the design of the project in October of 2006 and since that time, the parties have been working to address concerns regarding the project and its design. Mr. Urie explained that under the terms of the Agreement, Denver Water will contribute up to \$50,000 from the mediation budget. Denver Water will design and construct the project. The costs of construction will be reimbursed to Denver Water from CDOT, Grand County and the Town of Winter Park.

20. **ITEM VI-B-1: DISCUSSION AND INFORMATION: RECYCLED WATER SERVICES FOR NEW DEVELOPMENT**

The Commissioners received an Information Item outlining proposed operating policies for payment of recycled water infrastructure, a copy of which is attached to and incorporated in these Minutes as Exhibit "J." Ms. Holmquist explained the need for the policy. The proposed policy will be discussed with representatives of the home builders association, the distributors and other appropriate groups before it is proposed to be implemented.

21. **ITEM VI-B-2: DISCUSSION AND INFORMATION: REVIEW OF PROPERTY BURDENS AND DISPOSALS 2ND QUARTER 2011**

The Board received a report of actions taken by the CEO/Manager or his designee in the second quarter, 2011, which either burden or dispose of Board Property, a copy of which is attached to and incorporated in these Minutes as Exhibit "K."

22. **ITEM VI-B-2: DISCUSSION AND INFORMATION: STRONTIA UPDATE**

Doug Raitt, Construction Manager, provided an update regarding the Strontia Springs Dredging Project. The contractor mobilized through the winter and began dredging operations in May. Mr. Raitt noted the maximum production

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rate achieved to date, if continued through the summer will not achieve the required removal according to the contract. The contractor is continuing to bring in additional equipment to address the problem. Mr. Raitt also reported regarding the potential increase of project costs to be borne by the Board due to diesel fuel escalation. Monthly status reports will be provided to the Commissioners.

23. **ITEM VI-C-1: DISCUSSION AND INFORMATION: WATER SUPPLY AND DEMAND**

Mr. Steger reported regarding snowpack, expected runoff and reservoir operations. Mr. Steger noted that the snowpack was significantly higher than normal and because of the cool weather, the runoff peaks were expected to be delayed by as much as three weeks. Peak inflows to Denver Water's west slope facilities are still expected. Mr. Steger also reported regarding continuing operations at Dillon Reservoir to reduce the impact of the forecasted high flows downstream of the dam.

24. **ITEM VI-D-1: DISCUSSION AND INFORMATION: CITIZENS' ADVISORY COMMITTEE**

David Spector, Chairman of the Citizens' Advisory Committee, reported the CAC will meet Thursday June 16. The Agenda includes presentations by representatives of the Colorado Oil and Gas industry and Earth Justice regarding the impacts of fracking operations. Mr. Spector invited the Commissioners to join in a tour planned for July 21, which would include the Metro Wastewater Treatment Plant, the Recycled Water Treatment Plant and possibly the Xcel Cherokee Plant. Mr. Spector commented the CAC will be working with Staff on the IRP and treated water availability issues. Commissioner Lucero thanked Mr. Spector for providing the report.

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

The Commissioners received the report, "Denver Water Investment Portfolio as of May 31, 2011" as set forth in Agenda Item VI-F-1 dated June 8, 2011, a copy of which is attached to and incorporated in these Minutes as Exhibit "L."

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

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

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

The Board confirmed a Study Session will take place on **Wednesday, June 22, 2011**, at **9:00 a.m.** in the Board Room, Room 309, 1600 W. 12th Avenue, Denver, Colorado. An Agenda will be posed prior to the meeting. Beginning at 7:00 a.m. the Commissioners and Mr. Lochhead will meet in Executive Session to discuss Personnel Issues. The Executive Session may continue following the Study Session portion of the meeting.

The Board confirmed that the first regular meeting in July would take place on **Wednesday, July 13, 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 11:12 a.m.

EXECUTIVE SESSION


On Wednesday, June 8, 2011, commencing approximately at 11:16 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:

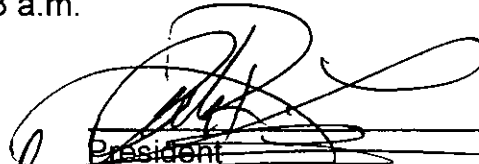
1. Attorney Client § 24-6-402(4)(b)
2. Contract Negotiations § 24-6-402(4)(e)
3. Mediation § 24-6-402(4)(a)(b) & (e)
4. Personnel Matters § 24-6-402(4)(f)(I)

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There being nothing further for the Board to consider, the Executive Session concluded at approximately 11:53 a.m.


Secretary


President

