

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Open Session

September 14, 2011

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, September 14, 2011 beginning at 9:14 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:

R. J. Mahoney, <i>Acting</i> 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	J. A. Anderson, Director of Customer Relations
T. Roode, Interim Director of Operations and Maintenance	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	M. L. Walker, Attorney
T. Cristiano, Manager of Rate Administration	M. Turney, Engineer
D. Wyman, Distribution Projects Coordinator	J. M. Ross, Engineer
M. K. Frishman, Attorney	R. S. Adams, Law Clerk
M. Leister, Chief of Construction Management	J.L. Seagren, Construction Project Manager

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A. Rettig, Treasury Analyst	G. C. Berg, Treasury Analyst
D. Hamm, Staff Analyst	C. M. Gregg, Staff Analyst
T.K. Segura, Budget Analyst	S. N. Niemi, Rate Analyst
J. A. Sloan, Community Relations Specialist	P. J. McCormick, Engineer
B. W. Balley, Construction Project Manager	J. D. Slankard, Construction Project Manager
U. Sharma, Treasurer	P. B. Coleman, Manager of Internal Auditing
A. M. Baker, Community Relations Specialist	K. O. Balu, Human Resource Specialist
J. Gaborek, Engineer	G. Wilcox, Manager of Budgeting
M. Bond, Community Relations Specialist	L. S. Likes, Appraiser-Negotiator
E. Hernandez, Superintendent of Transmission & Distribution	
Pat Fitzgerald, Platte Canyon Water and Sanitation District and Southwest Metropolitan Water and Sanitation District	Tim Flynn, Collins, Cockrell & Cole
Bruce Rau, Oakwood Homes	Phil Lidor, Citizens' Advisory Committee
Deb Pilon, Willows Water District	Steve Valdegan, Lakehurst Water & Sanitation District
Kim Calamino, Home Builders Association	Jill Wuertz, Denver Parks & Recreation

Commissioner Lucero called the meeting to order.

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Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Regular Meetings of August 10 and August 24, 2011 was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Sessions of August 10 and 24, 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.

Ceremonies

Commissioner Lucero recognized the efforts of Melissa Elliott, Interim Director of Public Affairs, who had served in that position since the retirement of Marie Bassett. On behalf of the Board Members, Commissioner Lucero thanked Ms. Elliott for her service and commented that Denver Water had been ably served during the interim period.

Mr. Mahoney introduced and welcomed Ms. Julie Anderson, the new Director of Customer Relations.

Commissioner Lucero noted that former Commissioner Beardsley had passed this life August 8, 2011. Commissioner Lucero explained that Commissioner Beardsley had served as his personal mentor when he became a Board Member. Commissioner Lucero commented that Commissioner Beardsley had served in a dedicated role both to the City of Denver and its Board of Water Commissioners during his tenure as a Board Member. Commissioner Gougeon noted the friendship that had developed between him and former Commissioner Beardsley and the many activities that Commissioner Beardsley had participated in across the community. Ms. Wells recalled the extraordinarily humane action taken by Commissioner Beardsley in coming to visit directly with the employees of Denver Water, both when a co-worker was tragically killed on the job and following Manager Chips Barry's death. The Commissioners

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joined in expressing their sense of loss in the untimely passing of former Commissioner Beardsley.

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 September 14, 2011, a copy of which is attached to and incorporated in these Minutes as Exhibit "A," effective the pay period ending **September 2, 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 **September 1, 2011**, unless otherwise noted:

Employee Name	Employment Date	Retirement Plan Participation Date <small>Unless otherwise noted*</small>	Division/Section
Erik Helgeson	02/17/2011	02/17/2011	Purchasing #130
Kevin Sparrow	02/07/2011	02/07/2011	Electrical Engineering #213

3. ITEM V-A-3: ANNUAL CONTRACT FOR WASTE REMOVAL AT DENVER WATER'S METROPOLITAN AREA FACILITIES

Authorized award of a contract to Waste Management of Colorado, Inc., to provide waste removal services for Denver Water facilities and jobsites located within the Denver Metropolitan Area, for the period October 1, 2011 through September 30, 2012, for a total amount not to exceed \$255,000.

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4. **ITEM V-A-4: ANNUAL CONTRACT FOR RENTAL OF TRAFFIC CONTROL BARRICADES**

Authorized award of a contract to Altus Traffic Management, Inc., to furnish Denver Water's requirements of traffic control barricades and flag personnel for construction projects in the Denver Metropolitan Area, for the contract period October 1, 2011 through September 30, 2013, for a total contract amount not to exceed \$1.8 million.

5. **ITEM V-A-5: AUTHORIZATION OF ADDITIONAL FUNDS AND EXTENSION OF CONTRACT FOR RENTAL OF TRAFFIC CONTROL BARRICADES**

Authorized expenditure of an additional \$304,000 and extension of the completion date to September 30, 2011, under the May 1, 2010 contract with Northern Barricade Company, Contract No. 12862A, for a total contract amount not to exceed \$1,304,000.

6. **ITEM V-A-6: AUTHORIZATION OF ADDITIONAL FUNDS FOR LIQUID ALUMINUM SULFATE**

Authorized the expenditure of an additional \$2,700,000 pursuant to the January 1, 2007 contract with General Chemical Performance Products LLC, Contract 10585A, to supply Denver Water's requirements of liquid aluminum sulfate through December 31, 2012, for a total amended contract amount not to exceed \$14,700,000, all as more particularly described in the Second Amendment to Contract, a copy of which is attached to and incorporated in these Minutes as Exhibit "B."

7. **ITEM V-A-7: CONTRACTS SCHEDULED TO RENEW AND/OR REQUIRE ADDITIONAL FUNDING IN THE 4TH QUARTER OF 2011**

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

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Custody Agreement with the Bank of New York for the period November 1, 2011 through October 31, 2012, for an additional cost of \$4,000;

Contract with LabWare, Inc., to provide LIMS application software for the contract period October 20, 2011 through October 19, 2012, at an additional cost of \$19,000;

Contract with Informatica Corporation to provide data analysis software for the contract period January 1, 2012 through December 31, 2012, at an additional cost of \$23,500;

Contract with TIBCO Software, Inc., to provide BPM and EAI software for the contract period November 15, 2011 through November 14, 2012, at an additional cost of \$40,000;

Contract with Dataflux Corporation LLC to provide Power Profile software and maintenance for the contract period January 1, 2012 through December 31, 2012, at an additional cost of \$11,000; and

Contract with iET Solutions to provide ITSM Software for the contract period January 1, 2012 through December 31, 2012, at an additional cost of \$19,500,

all as more particularly described in Attachment to Agenda Item V-A-7, dated September 14, 2011, a copy of which is attached to and incorporated in these Minutes as Exhibit "C."

8. **ITEM V-A-8: CONTRACT FOR NATURAL CLAY FOR RALSTON RESIDUALS MANAGEMENT FACILITY**

Authorized award of a contract to JFW Corporation to provide natural clay required to form an impermeable layer beneath the underdrain system necessary for the fourth and final drying bed at the Ralston Residuals Management Facility, for a total contract amount not to exceed \$153,600.

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9. **ITEM V-A-9: CONTRACT FOR 8-INCH MAIN AT EAST 50TH AVENUE AND VASQUEZ BOULEVARD EXTENSION**

Authorized award of a contract to Iron Woman Construction Environmental Services to furnish and install an eight-inch pressure pipe and appurtenances at East 50th Avenue and Vasquez Boulevard Extension, at a cost not to exceed \$169,954.

10. **ITEM V-A-10: CONTRACT FOR THE CREATION OF A BASE DRAWING FOR MOFFAT WATER TREATMENT PLANT**

Authorized entering into a contract with Tetra Tech, Inc. for Task 1 of 3, a project to create a base drawing for the Moffat Water Treatment Plant, at a cost of \$99,958, with a completion date of January 31, 2012, all as more particularly described in the Agreement, a copy of which is attached to and incorporated in these Minutes as Exhibit "D."

11. **ITEM V-A-11: FIRST AMENDMENT TO TASK ORDER AGREEMENT WITH DIVERSE PROJECT CONSULTANTS, LLC**

Approved the First Amendment to Task Order Agreement 13037B dated May 25, 2011 with Diverse Project Consultants, LLC for construction inspection services for the Howe-Haller A/B and Howe-Haller B Hazeltine Reservoir Interconnect Structures and the Dunes Fencing Project, at a cost of \$83,650, and a total amended contract amount of \$361,260, all as more particularly described in the First Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "E."

12. **ITEM V-A-12: CHANGE ORDER NO. 1 FOR SECURITY MODIFICATIONS AT DILLON DAM**

Approved Change Order No. 1 in the amount of \$82,189.26 to the April 27, 2011 contract with White Construction Group, Ltd., for construction of security modifications at Dillon Dam, for a total amended contract amount of \$1,191,000, all as more particularly described in the Change Order, a copy of which is attached to and incorporated in these Minutes as Exhibit "F."

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13. **ITEM V-A-13: CONTRACT FOR DILLON DAM VULNERABILITY ASSESSMENT**

Authorized entering into a contract with Tectonic Engineering & Surveying Consultants to provide *slope stability and blast analysis studies of Dillon Dam*, which work is to be completed by August 31, 2012, at a cost not to exceed \$158,000.

14. **ITEM V-A-14: CHANGE ORDER NO. 1 WITH STANEK CONSTRUCTORS FOR MARSTON HEADWORKS IMPROVEMENT PROJECT**

Approved Change Order No. 1 in the amount of \$88,630 to the November 26, 2010 *contract with Stanek Constructors for the Marston Treatment Plant Headworks Improvement Project, Contract 13013A*, all as more particularly described in Change Order No. 1, a copy of which is attached to and incorporated in these Minutes as Exhibit "G."

15. **ITEM V-A-15: AMENDMENT NO. 1 WITH STANEK CONSTRUCTORS FOR MARSTON HEADWORKS IMPROVEMENT PROJECT**

Approved Amendment No. 1 to the November 26, 2010 contract with Stanek Constructors for construction of the Marston Treatment Plant Headworks Improvement Projects, Contract 13013A, in the amount of \$122,959, for a total amended contract amount of \$1,977,008, all as more particularly described in Amendment No. 1, a copy of which is attached to and incorporated in these Minutes as Exhibit "H."

16. **ITEM V-A-16: EIGHTH AMENDMENT TO AGREEMENT WITH BICKERMAN DISPUTE RESOLUTION, PLLC**

Approved additional funds in the amount of \$27,500 pursuant to the April 25, 2007 contract with Bickerman Dispute Resolution, PLLC, Contract 11041A, for a total amended contract amount not to exceed \$400,000, all as more particularly described in the Eighth Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "I."

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17. **ITEM V-A-17: 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 June, July and August 2011, as follows:

Change Order No. 5 to Contract 11992C with Moltz Construction for the Marston Filter Plant No. 2 Upgrade;

Change Order No. 4 to Contract 12890A with Golden Triangle Construction for the Lakeridge Pump Station Backup Generator Addition;

Change Order No. 4 to Contract 12916A with T. Lowell Construction, for the 2010/2011 Vault Modification Project;

Change Order No. 3 to Contract 12961A with Sturgeon Electric for the Lone Tree and Highlands Pump Station Diesel Generators;

Change Order Nos. 2 and 3 to Contract 12965A with Reynolds, Inc. for the construction of Conduit No. 302 from East 33rd Avenue and Boston Street to East 47th Avenue and Peoria Street;

Change Order Nos. 1 and 2 to Contract 13215A with Iron Woman Construction and Environmental Services for the construction of 16-inch mains necessary to serve the Denver Federal Center;

Change Order No. 2 to Contract 13325A with Stanek Constructors, Inc. for the Broomfield Pump Station Modification;

Change Order No. 1 to Contract 13488A with Asphalt Specialties Co., Inc., for the reclamation of the Hazeltine Gravel Pit ;

First Amendment to Task Order Agreement 11119P with Dewberry-Goodkind, Inc. for the OMS system updates and editing project;

First Amendment to Task Order Agreement 11136K with Shannon & Wilson, Inc., for geotechnical services for the Hazeltine Gravel Pit Inspection;

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Third Amendment to Task Order Agreement 11141N with URS Corporation, for the Strontia Springs Reservoir Sediment Removal Project;

Seventh Amendment to Agreement 11542A with Wong Strauch Architects for the Wynetka Decentralization Station;

First Amendment to Agreement 12709A with CAD-1 for the Autodesk Mentoring Plan; and

Fifth Amendment to the Master Lease Agreement 13020A with LRC Leasing, Lewan & Associates,

all as more particularly described in the Attachment to Agenda Item V-A-17, dated December 14, 2011, a copy of which is attached to and incorporated in these Minutes as Exhibit "J."

18. **ITEM V-C-1: AGREEMENT AND RESOLUTION TO PROVIDE WATER SERVICE TO TERRITORY EXCLUDED FROM THE LAKEHURST WATER AND SANITATION DISTRICT**

Approved an Agreement and Plan for Exclusion of Territory from the Lakehurst Water & Sanitation District, together with a Resolution regarding provision of potable water service to the excluded territory, copies of which are attached to and incorporated in these Minutes as Exhibits "K" and "L."

Mr. Malmberg explained the area to be excluded from the Lakehurst Water & Sanitation District, which is located between South Kipling and South Wadsworth Boulevard was annexed into the City and County of Denver and has been provided water service by Denver Water since approximately 1980. The area includes 703 residential accounts and 179 multi-family accounts, together with various commercial, irrigation and City accounts. Lakehurst is in the process of making boundary adjustments and because such lands have never been provided service by the District, the property will be excluded from the District. Because the area is developed, it is necessary for the Board and the City to enter into the agreement.

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Mr. Malmberg introduced Tim Flynn, counsel to the Lakehurst District. In response to questions from the Commissioners, Mr. Flynn explained the District has not provided water or waste water services to the area and does not intend to provide such services. Mr. Flynn further explained the District does not have bonded indebtedness, nor does it have a mill levy. An order of the Jefferson County District Court will eventually be required to exclude the described area from the District.

19. **ITEM V-C-2: EXTENSION OF OPERATING RULE 2.05.4 STUB-IN BAIL OUT**

Approved Amendment to Operating Rule 2.05.4 extending the Stub-In Bail Out program from December 31, 2011 to December 31, 2013, all as more particularly described in the Amended Rule, a copy of which is attached to and incorporated in these Minutes as Exhibit "M."

Mr. Malmberg provided information to the Commissioners regarding the number of stub-ins purchased between January 1, 2004 and December 31, 2008. The proposed rule amendment will permit builders to avoid forfeiture of the stub-in permit deposit because of the failure to convert to a full water supply license within two years, as is required under the rule. Mr. Malmberg reported Denver Water has accounted for a large number of taps for which a stub-in payment was made, but which have not yet been activated because of the continuing slump of the housing market. The extension of the program will include stub-ins purchased between January 1, 2004 and December 31, 2011.

Kim Calamino, representative of the Metropolitan Denver Home Builder Association thanked Denver Water Staff for continuing to work with the building industry to address the stub-in issue. Ms. Calamino asked that the Board and Staff consider permanently extending the time for activation of the stub-ins from two to three years. Such a rule change would be a pro-active acknowledgment of the slower growth now being experienced.

Bruce Rau of Oakwood Homes also thanked the Staff and Commissioners for working with the building industry to extend the period covered by the previous bail out policy. Mr. Rau concurred with Ms. Calamino's suggestion of permanently extending the time for activation from two to three years.

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Commissioner Gougeon asked that Staff prepare additional information for the Commissioners' consideration regarding a permanent extension of the time for activation of taps.

20. **ITEM V-E-1: AMENDMENT TO COOPERATIVE AGREEMENT WITH THE CITY AND COUNTY OF DENVER**

Authorized Amendment of an August 4, 2009 Cooperative Agreement with the City and County of Denver, acting by and through its Department of Public Works, Contract No. 11986A, for reimbursement of \$2,414,132.00 of costs incurred by the Board in the relocation of Conduits No. 12 and 18 necessary to accommodate the South Platte River Zuni/Sun Valley Reach Improvement Project, all as more particularly described in the Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "N."

Mr. Wyman explained the project started with Denver Water taking responsibility for relocation of both Conduits 12 and 18 and the City reimbursing such costs. During relocation of Conduit 12, the Board's contractor encountered *unanticipated environmental contamination which needed to be remediated*, thereby extending the project cost and schedule. The Amendment addresses the agreement whereby the City's contractor took over responsibility for relocation of Conduit No. 18. Denver Water expended \$156,282.40 to provide inspection and construction support services to the City for the Conduit 18 modification project, for which it did not seek reimbursement. Mr. Mahoney introduced Jeff Slankard, Project Manager, who was responsible for construction inspection of the project.

21. **ITEM V-E-2: AGREEMENT WITH WESTERN SUMMIT FOR PRECONSTRUCTION SERVICES FOR THE ASHLAND STORAGE BASIN REPLACEMENT PROJECT**

Approved entering into an Agreement with Western Summit Constructors to provide preconstruction services for Denver Water's Ashland Storage Basin Replacement Project, at a cost to the Board of \$101,583.68, all as more particularly described in the Agreement, a copy of which is attached to and incorporated in these Minutes as Exhibit "O."

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Mr. Turney explained the Storage Basin Replacement project will be a construction manager at-risk (CMAR) project. Under the CMAR template the contractor is selected during the design process. The contractor then assists with cost estimating, constructability review, development of construction schedules and phasing as well as advising on the breakdown of the work into bid packages. Once the design has been completed, project components will be bid. After bids for the project components have been received, a guaranteed maximum price will be negotiated and the parties will enter into a construction-phase project agreement.

Mr. Turney noted that, because of the long time period anticipated for construction of the Ashland Storage Basin, Staff had requested acceleration of the design phase of the Highlands Project. Mr. Mahoney noted the Treated Water Storage Program includes replacement of storage reservoirs at Lone Tree, Ashland, Highlands, and Hillcrest Reservoirs and is currently estimated to cost approximately \$120 million.

22. **ITEM V-E-3: AWARD OF CONTRACT FOR INSTALLATION OF CONDUIT NO. 151 FROM SMITH ROAD TO I-70**

Authorized award of a contract to Reynolds, Inc., for construction of Conduit No. 151 in Central Park Blvd., from Smith Road to I-70, at a cost of \$4,676,676.

Mr. Ross provided an update regarding extension of the Potable Water Transmission System for the Stapleton Redevelopment Area. Higher than expected tunneling costs and costs for dealing with stormwater and groundwater were reasons the construction contract exceeded the Engineer's estimates.

23. **ITEM VI-B-1: DISCUSSION AND INFORMATION: REVIEW OF PROPERTY BURDENS AND DISPOSALS FOR THE 3RD QUARTER OF 2011**

The Commissioners received a report of actions taken by the CEO/Manager regarding the burdening or disposal of Board property in the third quarter 2011, a copy of which is attached to and incorporated in these Minutes as Exhibit "P."

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24. **ITEM VI-B-2: DISCUSSION AND INFORMATION: PROPOSED 2012 RATES AND SYSTEM DEVELOPMENT CHARGES**

Mr. Cristiano presented information regarding the proposed water rates for 2012. Mr. Cristiano's presentation described the need for additional revenue based upon the 10-Year Capital Plan of \$1.6 billion. Mr. Cristiano reported that last year's Budget had projected a \$373 million revenue requirement in 2012, but as Denver Water staff had finalized various aspects of the proposed Budget, the revenue requirement had been trimmed to \$341 million. Mr. Cristiano also explained the need to maintain cash reserves. During the discussion, Ms. Bricmont explained that Denver Water anticipates selling additional debt in the First Quarter of 2012 in order to meet the long-term need for capital necessary to fund the Capital Program. Mr. Cristiano outlined four rate scenarios which would address the ten-year financial plan. Commissioner Tate noted the Commissioners had directed Staff, at the August 24 Board Meeting, to consider an across-the-board increase for 2012, rather than perform a cost of service analysis which would then serve as a bridge to the long term goal of major modification of the rate model. Commissioner Tate described an across-the-board increase as an interim step while Denver Water Staff works cooperatively with the Distributors to restructure Denver Water's rate model.

Mr. Cristiano then presented information regarding the proposed system development charges for 2012. Mr. Cristiano explained that Staff was reviewing two proposed alternatives for the 2012 system development charges. The first alternative would include an inflationary increase to the cost of infrastructure and would increase the component value of water rights by \$500 per acre-foot to \$10,000 per acre-foot. The second alternative would include the inflationary increase to infrastructure and would increase the value of the water rights component to \$11,500 per acre-foot, the 2009 targeted value. A copy of Mr. Cristiano's presentation is attached to and incorporated in these Minutes as Exhibit "Q."

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PUBIC COMMENT REGARDING 2012 RATES AND SACs.

Commissioner Lucero then opened the meeting for comments from the public regarding both the proposed 2012 rate increase and the proposed 2012 system development charge increase.

Pat Fitzgerald, on behalf of the Platte Canyon Water & Sanitation District, reported 14 distributors had sent a letter to the Commissioners requesting that the Board not adopt an across-the-board rate adjustment, but instead use the historical cost-of-service model for 2012 rate adjustments. A copy of the September 8, 2011 letter is attached to and incorporated in these Minutes as Exhibit "R." Mr. Fitzgerald explained the Distributor's Forum had not yet met to discuss the proposal of an across-the-board rate increase. Mr. Fitzgerald characterized the Distributors' letter as containing two important messages: The Distributors are willing to engage in dialogue with the Board and Staff to make major changes to the cost-of-service model; and the individual distributors are opposed to an across-the-board increase. Mr. Fitzgerald further noted the Distributors had expected to receive two separate alternatives, one of which would be cost-of-service based. With regard to the system development charge increase, Mr. Fitzgerald noted the Distributors would be opposed to a change of allocation whereby outside-the-city ratepayers would subsidize inside-city developers.

Deb Pilon of the Willows Water District, a Master Meter and Read-and-Bill district, noted that Willows did not join in the September 8, 2011 letter but was interested in seeing the impact of a rate adjustment based upon the current model. Ms. Pilon opined the across-the-board adjustment was not unreasonable and was viewed by Willows as a bridge to a new cost-of-service model.

Kim Calamino, speaking on behalf of the Homebuilders' Association, explained the Association had historically understood the need for differential charges between inside and outside, but wanted to investigate further to determine whether the proposed SDC could be characterized as outside developers subsidizing inside-city developers. Ms. Calamino encouraged the Board to adopt a program with lower increase for system development charges.

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Commissioner Tate thanked the speakers for their comments and noted 2012 had been viewed as a transition year for rate settings. Commissioner Tate explained Denver Water's Staff is looking at the structure of the rate model and the Board requested the use of an across-the-board increase as a means of transition to the new model. Commissioner Gougeon also spoke regarding the need for a transition rate and an expectation that the parties would work collaboratively to address issues regarding the new rate model. Commissioner Gougeon also responded that the comments regarding the system development charge were important and the Board and Staff would consider them. Commissioner Herzmark echoed the comments of Commissioners Tate and Gougeon and asked that the Distributors look at the transition year as non-precedential. The Commissioners discussed the need to focus on the long-term relationship between the Board and the Distributors.

Ms. Bricmont reported several of the Commissioners were planning to meet with the Distributors prior to the Board's September 28 meeting. Ms. Bricmont further noted the Board would be asked to adopt 2012 Rates at the September 28 meeting.

25. **ITEM VI-B-4: DISCUSSION AND INFORMATION: WYNETKA STATION DISCUSSION**

Mr. Hernandez and Ms. Seagren provided information to the Commissioners regarding the construction of a new satellite T&D facility at Wynetka. Construction of the facility will provide an up-graded satellite facility, will permit the test facility presently located at Ashland to be relocated and will permit the Westwood facility to be closed. Mr. Roode noted plans call for eventual closure of a satellite facility at 4700 York, with strategic location of satellite facilities around the perimeter of the Board's service area. Mr. Roode explained such facilities will permit more rapid response to emergencies by T&D crews and will also provide a more centralized base for ongoing efforts to reconstruct and upgrade the distribution system and its facilities.

26. **ITEM VI-D: DISCUSSION AND INFORMATION: CITIZENS ADVISORY COMMITTEE COMMUNICATIONS**

Phil LaDore, representative of the CAC reported that the CAC would be meeting on September 15 with a presentation regarding treated water

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reliability. Because of the short time frame within which the Board will be considering the proposed 2012 rate adjustments, the CAC will not be able to host public comments as a part of its normal public meeting. Commissioner Tate noted the need in 2012 for the CAC to host public meetings after 5:00 p.m. for the discussion of the new rate-making methodology. The Commissioners thanked Mr. LaDore for his attendance at the meeting and the willingness of the CAC to provide a forum for public input.

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

The Commissioners received the report, "Denver Water Investment Portfolio as of August 31, 2011" as set forth in Agenda Item VI-F-1 dated September 14, 2011, a copy of which is attached to and incorporated in these Minutes as Exhibit "S."

28. **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 **August 31, 2011**, a copy of which is attached to and incorporated in these Minutes as Exhibit "T."

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

The Board confirmed a regular meeting will take place on **Wednesday, September 28, 2011**, at **9:00 a.m.** in the Board Room, Room 309, 1600 W. 12th Avenue, Denver, Colorado. At the September 28th meeting, the Board expects to take action on 2012 rates. An agenda will be posted prior to the meeting.

The Board confirmed that the first regular meeting in October would be held on **Wednesday, October 12, 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 11:07 a.m.

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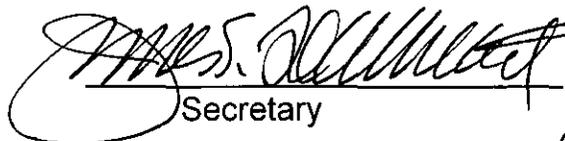
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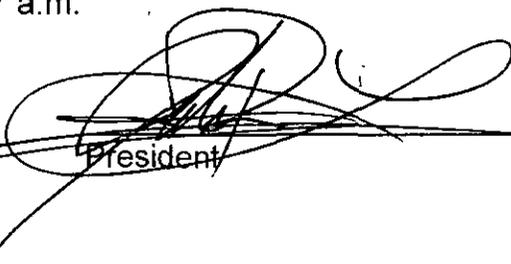
EXECUTIVE SESSION

On Wednesday, September 14, 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. Contract Negotiations § 24-6-402(4)(e)
2. Water Rights Discussions § 24-6-402(4)(b)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 11:47 a.m.


Secretary


President