

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

OPEN SESSION

June 12, 2013

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, June 12, 2013, beginning at 9:16 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
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	Z. Campbell, <i>Acting</i> Director of Operations and Maintenance
C. Elam-Floyd, Director of Human Resources	C.R. Dermody, Director of Information Technology
M.K. Frishman, Attorney	P.B. Coleman, Chief Internal Auditor
T. Cristiano, Manager of Rate Administration	P.A. Carey, Manager of Purchasing and Contracting
T. Bryant, Controller	G. Fisher, Manager of Demand Planning
D.M. Hamm, Staff Analyst	S.L. Chesney, Manager of Media and Executive Communications
C. Piper, Intergovernmental Affairs Coordinator	T. Thompson, Media Relations Coordinator
J.H. Bambei, Jr., Chief of Engineering	S. Reum, Assistant Chief of Engineering
J. Ross, Engineer	R. Steger, Manager of Raw Water Supply

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E. Decker, IT PMO Manager	R. Reidy, Internal Communications Specialist
D. Shable, Engineer	
J. Seagren, Construction Project Manager	L. Weber, Planner
G. Moore, Engineering Specialist	P. Daukas, Manager of Environmental Planning
K. Ross, Engineer	D. Kennedy, Environmental Scientist
M. Turney, Engineer	V. Gaiter, Engineering Specialist
A. Campbell, Intern	P. McCormick, Engineer
B. Dittman, Law Clerk	D.J. Arnold, Attorney
	C. Cervantez, Contract Specialist
Vic DeGranede, Steel Tank Institute/Steel Plate Fabricators Association	Wayne Geyer, Steel Tank Institute/Steel Plate Fabricators Association
Ralph Carpenter, Steel Tank Institute/Steel Plate Fabricators Association	Cliff Deeds, City of Arvada

Commissioner Austin called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, Commissioner Gougeon was found to be absent for substantial cause and was excused.

Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Regular Meetings of May 8, 2013, and May 22, 2013, was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Session of May 22, 2013, were approved.

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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

Representatives of the Steel Tank Institute and the Steel Plate Fabricators Association presented Denver Water with the Steel Water Pipe Century Club Award for more than 100 years of continuous service by Conduit No. 40 for the transportation of safe drinking water. The representatives also thanked Mr. Bambei for his assistance to and support of the steel pipe industry.

Additionally, Mr. Little told the Board the United States Forest Service awarded Denver Water the Choice Award for its work toward healthy watersheds. The award named Mr. Kennedy for his efforts. Mr. Little explained Mr. Kennedy has been recognized locally, nationally, and internationally for his work on watershed management, including a recent invitation to speak in China.

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 June 12, 2013, which is attached to and incorporated in these Minutes as Exhibit "A."

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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, 2013, unless otherwise noted:

Employee Name	Employment Date	Retirement Plan Participation Date <small>Unless otherwise noted^</small>	Division/Section
Erickson, Renee E.	2012-12-03	2012-12-03	Customer Relations Division Customer Care, #460
Stone, Joseph S.	2012-11-13	2012-11-13	Engineering Division Project Surveyor, #241
Bedwell, Jessica G.	2012-12-04	2012-12-04	Human Resources Division Employee Health Services, #425
Brennan, Robert	2012-12-03	2012-12-03	Information Technology Division Administration & Operations, #176
Riney, Nick D.	2012-05-07	2012-11-10 ^Exclude prior service as Temporary Status 05/07/12-11/10/12	Operations and Maintenance Division Water Quality, #230
Kauber, Steven R.	2012-11-05	2012-11-05	Operations and Maintenance Division Winter Park Area, #520

3. ITEM V-A-3: TOWN OF FRISCO AMENDED FUTURE DILLON WATER AGREEMENT

Approved the Amended Future Dillon Water Agreement, modifying the consumptive use for Frisco's use of future Dillon Reservoir water for

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snowmaking purposes at the Peninsula Recreation Area. The amended agreement is attached to and incorporated in these Minutes as Exhibit "B."

4. ITEM V-A-4: CONTRACTS SCHEDULED TO RENEW AND/OR REQUIRE ADDITIONAL FUNDING IN THE 3RD QUARTER OF 2013

Authorized renewal, additional funding, or extension of the following annual contracts:

Contract 08466A with IBM Corporation for COGNOS and TM1 software for the period April 4, 2013, through April 30, 2014, at an additional cost of \$206,000.00;

Contract 02985A with AssetWorks for fleet management software for the period October 1, 2013, through September 30, 2014, at an additional cost of \$46,000.00;

Contract 07915B with Genesys Telecomm Lab, Inc., for telephone system software for the period October 1, 2013, through September 30, 2014, at an additional cost of \$10,000.00;

Contract 11799A with Microsoft Corporation for development software support for the period July 8, 2013, through July 7, 2014, at an additional cost of \$69,000.00;

Contract 04312A with Oracle Corporation for human resources software for the period October 1, 2013, through September 30, 2014, at an additional cost of \$100,000.00; and

Contract 11807B with Kronos Incorporated for a time management system for the period September 1, 2013, through August 31, 2014, at an additional cost of \$64,000.00,

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all as more particularly described in the attachment to Agenda Item V-A-4, dated June 12, 2013, a copy of which is attached to and incorporated in these Minutes as Exhibit "C."

5. **ITEM V-A-5: ADDITIONAL FUNDS FOR POTHOLING**

Authorized additional funds of \$500,000.00 for Contract 14269A with Safesite, Inc., to perform potholing services for the extended contract period July 15, 2013, through July 14, 2015, for a total amended contract amount not to exceed \$700,000.00.

6. **ITEM V-A-6: RATIFICATION OF AMENDMENT NO. 2 WITH RESTRUCTION CORPORATION FOR THE WILLIAMS FORK DAM SPILLWAY REPAIRS**

Ratified Amendment No. 2 to Contract 14508A with Restruction Corporation for the Williams Fork Dam Spillway Repairs in the amount of \$3,600.00, for a total amended contract amount not to exceed \$100,995.00. The amendment is attached to and incorporated in these Minutes as Exhibit "D."

7. **ITEM V-A-7: RELOCATION OF CONDUIT NO. 93 DUE TO CITY AND COUNTY OF DENVER FIRST CREEK IMPROVEMENTS**

Approved Memorandum of Understanding 14933A with the City and County of Denver for reimbursement to Denver Water of \$447,684.60 for the relocation of Conduit No. 93, which was necessary to allow the City and County of Denver to perform channel improvements along First Creek. The Memorandum of Understanding is attached to and incorporated in these Minutes as Exhibit "E."

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8. **ITEM V-A-8: CHANGE ORDER NO. 3 WITH LAYNE HEAVY CIVIL, INC., FOR CONDUIT NO. 58 EXTENSION AND PRV VAULT AND CONDUIT NO. 74 RELOCATION**

Approved Change Order No. 3 to Contract 13611A with Layne Heavy Civil, Inc., for Conduit No. 58 Extension and PRV Vault and Conduit No. 74 Relocation Project in the amount of \$124,331.37, which is attached to and incorporated in these Minutes as Exhibit "F."

9. **ITEM V-A-9: CONTRACT FOR WELBY RESERVOIR REGULATING POND AND GARDENERS DITCH IMPROVEMENTS; CONTRACT FOR EAST 69TH WAY**

Awarded Contract 13054A to New Design Construction for the Welby Reservoir Regulating Pond and Gardeners Ditch Improvements, for a total contract amount of \$352,933.77.

Awarded Contract 14876A to New Design Construction for East 69th Way, for a total contract amount of \$590,003.25, at the unit prices shown on the tabulation of bids attached to and incorporated in these Minutes as Exhibit "G."

10. **ITEM V-A-10: 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 2013 through May 2013 as follows:

Change Order No. 7 to Contract 12423A with White Construction for Remodeling of Wynetka Station;

Change Order No. 1 to Contract 13290A with McDade-Woodcock, Inc., for Marston WTP Headworks HVAC Improvements;

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Change Order No. 10 to Contract 13327A with Gracon Corporation, Inc., for Dillon Dam Outlet Works Gate Repairs;

Change Order No. 4 to Contract 13398A with T. Lowell Construction for Conduit No. 308 & Montbello Recycled Water Distribution Mains;

Change Order No. 2 to Contract 13611A with Layne Construction for Conduit No. 58/74 Extension and PRV Vault Modifications;

Change Order No. 3 to Contract 14020A with Concrete Works of Colorado, Inc., for Vault Modifications 2012/2013;

Change Order No. 4 to Contract 14431A with Western Waterproofing Co., Inc., for Kendrick Reservoir Tank Rehabilitation;

Second Amendment to Irrigation Efficiency-Demand Side Management Agreement 11615A with Homestead Farm II HOA for payment of additional water savings achieved by customer;

First Amendment to Irrigation Efficiency-Demand Side Management Agreement 11694A with Carriage Club HOA for payment of additional water savings achieved by customer;

Third Amendment to Irrigation Efficiency-Demand Side Management Agreement 11720A with Willow Creek I HOA for payment of additional water savings achieved by customer;

Second Amendment to Irrigation Efficiency-Demand Side Management Agreement 11722A with Willow Creek II HOA for payment of additional water savings achieved by customer;

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Third Amendment to Agreement 12488A with RJH Consultants for Lupton Lakes Slope and Liner Design;

Second Amendment to Contract 12944A with Specialized Protective Services, LLC, for armed guard security services at Dillon Reservoir;

Second Amendment to Contract 14288A with TC Denver Development, Inc., for the Denver Water Campus Plan; and

Agreement 14035A with OJ Watson for purchase of vehicles for 2012,

all as more particularly described in the attachment to Agenda Item V-A-10, which is attached to and incorporated in these Minutes as Exhibit "H."

11. ITEM V-A-11: AMENDMENTS TO THE DEFINED CONTRIBUTION PLANS

Approved the Amendments to Denver Water 457 Plan and 401(k) Plan to Provide Discretionary Employer Contributions to CEO/Manager's Account, which are attached to and incorporated in these Minutes as Exhibit "I." The amendments allow for discretionary employer contributions to the CEO/Manager's account on an annual basis based upon the results of the CEO/Manager's annual review, subject to annual contributions as set by the IRS and to the FICA tax on contributions and earnings, under the vesting schedule provided for in the amendments.

12. ITEM V-A-12: PURCHASE OF ADDITIONAL HP HYPER-V SERVERS

Approved the purchase of two additional HP Hyper-V servers and maintenance and support services for the IT Disaster Recovery Project, for a total amount not to exceed \$110,189.24, as described in the attachment to

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Agenda Item V-A-12, which is attached to and incorporated in these Minutes as Exhibit "J."

13. ITEM V-A-13: PERSONNEL POLICY CHANGE

Approved the addition of Section 5-2-(2) to Chapter 5 of the Personnel Policies to establish the two appropriate methods for engaging retirees to provide needed services to Denver Water. Section 5-2 of the Personnel Policies is attached to and incorporated in these Minutes as Exhibit "K."

14. ITEM V-A-14: 2013 SUBSCRIBER FEES FOR THE WATER RESEARCH FOUNDATION

Approved payment of subscriber fees to the Water Research Foundation for the period March 2013 through February 2014 in the amount of \$148,409.00.

15. ITEM V-B-1: CAMPUS PLAN APPROVAL

Mr. Ross presented the preferred plan for redevelopment of Denver Water's main campus, where certain critical building systems are at or near capacity, and there is no room for expansion of electrical panels. The campus contains aging buildings that were not built for their current uses. Denver Water engaged TC Denver Development, Inc., to develop multiple conceptual master plan alternatives to meet the long-term needs of the campus.

Through meetings with staff and the Board, it was determined concept C-3 would address future staff needs and would accommodate 20-year growth projections and consolidations for the campus. The concept includes a detailed phasing plan for continuous development, as well as breakpoints at which times the project can slow down or can be put on hold.

The major highlights of the plan include a new meter shop, parking structure, administration building on 12th Avenue, warehouse, and fleet maintenance facility.

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The Board approved Campus Master Plan C-3 and authorized staff to proceed with utility and survey mapping, populating the long-term budget with cost estimates for the necessary projects, and engaging a third-party program manager. In the future, staff and consultants will develop a detailed site plan, refine the building and space requirements, design standards and goals, and execute a long-term budget. The total cost of concept C-3, including design, construction, and soft costs, is \$146 million. Campus Master Plan C-3 is attached to and incorporated in these Minutes as Exhibit "L."

16. **ITEM VI-B-1: DISCUSSION AND INFORMATION: LEGISLATIVE REPORT**

The Commissioners received the final legislative report from Mr. Piper regarding the 2013 Regular Legislative Session.

Commissioner Austin asked whether graywater use, which will be permitted under new legislation, and the collection of rainwater for irrigation are consistent with Colorado water law. Ms. Wells explained the two different uses. The use of graywater is the reuse of water that already has been through the system for the same use. Graywater stays on site, and no particular return flow is required. Ms. Wells noted that graywater use has not been regulated in Colorado. Mr. Piper explained the state Water Quality Control Commission will be setting standards on graywater, after which local governments may authorize its use in their jurisdictions.

Ms. Wells explained that the collection of rainwater for irrigation captures water that is not yet under anyone's control and has not been through the prior appropriation system. It is generally prohibited by state law, with the exception of legislation in 2009 that allowed limited rainwater collection for new developments and under amended well permits.

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17. **ITEM VI-B-2: DISCUSSION AND INFORMATION: INFORMATION TECHNOLOGY PROGRAM PRESENTATION**

Mr. Dermody and Mr. Decker presented the Information Technology Program. They described the program's contributions to Denver Water operations, its relationship to the Strategic Plan and various initiatives, its objectives, the various applications it offers and maintains, and the program's costs.

18. **ITEM VI-C-1: DISCUSSION AND INFORMATION: DROUGHT UPDATE**

Mr. Fisher provided an update on water supply conditions. Denver Water's reservoirs are rising rapidly; they were 87% full as of July 12, 2013. Mr. Fisher opined that reservoir storage will be in the 90% range with the opportunity to fill. He noted that customers have been conserving. Water consumption in April and May was 2.7 billion gallons less than average, approximately a 24% decrease. Mr. Fisher opined the reservoir projections point toward removing the mandatory watering restrictions. Accordingly, staff may ask the Board to reduce the drought designation to Stage 1 at its next meeting.

Commissioners Tate and Austin asked the staff to consider what the water supply conditions may be in 2014. Mr. Little responded that staff will provide the Board with water supply projections based on the possible levels of snowpack in 2014.

Mr. Fisher's presentation is attached to and incorporated in these Minutes as Exhibit "M."

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

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

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20. **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 May 31, 2013, which is attached to and incorporated in these Minutes as Exhibit "O."

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

The Board confirmed a Study Session will take place on **Wednesday, June 26, 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, July 10, 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 11:03 a.m.

EXECUTIVE SESSION

On Wednesday, June 12, 2013, commencing at 11:03 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:

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

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There being nothing further for the Board to consider, the Executive Session concluded at approximately 11:45 a.m.


Secretary


President