

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 11, 2011

Board Item: V-E-3

**SECOND AMENDMENT TO TOTAL SERVICE IMPROVEMENT CONTRACT  
WITH EAST CHERRY HILLS WATER DISTRICT  
CONTRACT NO. 12104A**

Action by Consent

Action

Information

The East Cherry Hills Water District entered into a new Total Service Improvement contract with the Board in December, 2008. The District is within the City of Cherry Hills Village and is generally located at S. Colorado Boulevard and Hampden Avenue. The District formerly had a Read and Bill contract with Denver Water but wished to finance improvements to its water system and change its contract status to Total Service.

In the 2008 contract, the Board agreed to finance the necessary water system improvements for the District over a 15-year period, and collect a surcharge, which included interest, from the District's customers. The District was responsible for hiring an engineer to design the water system improvements to meet Denver Water standards. Denver Water then bid the job and hired a contractor to install the new water system. Upon completion of the work, Denver Water will own, operate and maintain the water system and charge Total Service water rates.

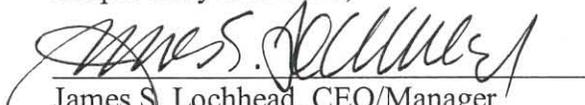
The design and construction process has taken longer and has been more complex than originally anticipated. As a result, the District has exhausted its finances and would like to be reimbursed \$100,000 from the surcharge funds already collected by Denver Water to cover its expenses. In May 2010 the Board allowed the District to be reimbursed \$100,000 from funds the Board had collected. This proposed second amendment would again allow the District to be reimbursed from the surcharge collections already collected by the Board. Based on the amount requested by the District, the surcharge will be adjusted.

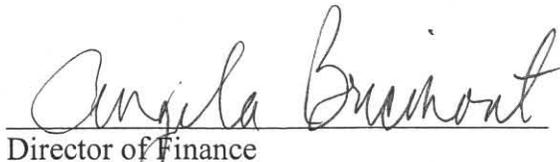
Recommendation:

The District and the City of Cherry Hills Village have indicated their anticipated approval of the proposed amendment. It is recommended that the Board approve the proposed amendment which allows the Manager, upon receipt of notification from the District, to authorize release of the funds.

**Approvals:**

  
Director of Public Affairs

Respectfully submitted,  
  
James S. Lochhead, CEO/Manager

  
Director of Finance

  
General Counsel