

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Open Session

February 13, 2013

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, February 13, 2013, beginning at 9:02 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
B.D. Good, Deputy Manager of Organizational Improvement	T. Roode, Director of Operations and Maintenance
R.J. Mahoney, Director of Engineering	C.R. Dermody, Director of Information Technology
C. Elam-Floyd, Director of Human Resources	P.A. Carey, Manager of Purchasing and Contracting
U. Sharma, Treasurer	P.B. Coleman, Chief Internal Auditor
M.L. Walker, Attorney	M.E. Elliott, Assistant Director of Public Affairs – Government, Stakeholder Relations and Conservation
M.K. Frishman, Attorney	

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G. Fisher, Manager of Demand Planning	T. Steele, Staff Analyst
R. Stitt, Planner	S.L. Chesney, Manager of Media and Executive Communications
W. Bates, Manager of Water Rights Protection	K. Urie, Environmental Scientist
L. Weber, Planner	C. Piper, Intergovernmental Affairs Coordinator
R. Steger, Manager of Raw Water Supply	D.M. Hamm, Staff Analyst
S. Sprague, Contract Specialist	J.H. Bambei, Jr., Chief of Engineering
J.S. Walker, Contracts Supervisor	A.J. Chavez, Staff Analyst
E.M. Hewes, Contract Specialist	S.A. Miller, Manager of Health Care and Benefits Administration
S. Hall, Manager of Communications	J. Chesley, Water Control Analyst
D. Brinker, Engineer	T. Bryant, Controller
S. Seiger, Staff Analyst	B. Reum, Manager of Geospatial Information and Technology
C. Funk, Attorney	T.E. Lowe, Manager of Sales Administration
D. Shable, Engineer	J. Sloan, Community Relations Specialist
M. Turney, Engineer	T. Cristiano, Manager of Rate Administration
J. Seagren, Construction Project Manager	M.D. Waage, Manager of Water Resource Planning
E. Holck, Construction Project Manager	D. Kennedy, Environmental Scientist
J. Figurelli, Budget Analyst	S. Niemi, Rate Analyst
E. Hernandez, Superintendent of Transmission and Distribution	R. Martinez, Welder
T. Thompson, Media Relations Coordinator	R. Espinoza, Welder
	E. Conway, Welder
	S. Reinhold, Administrative Assistant
Mike Suple, Suple Advertising & Design	Jon Faurot, Boulder resident
Steve Bosshaw, Western Summit Constructors, Inc.	Ryan Borgman, Fireside Productions
	Cliff Deeds, Arvada
	Doug Arnold, Western Summit Constructors, Inc.

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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 January 9, 2013, and January 23, 2013, was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Sessions of January 9, 2013, and January 23, 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.

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 February 13, 2013, a copy of 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 February 1, 2013, unless otherwise noted:

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Employee Name	Employment Date	Retirement Plan Participation Date <small>Unless otherwise noted^</small>	Division/Section
Arbuckle, Lori A.	2012-07-13	2012-07-13	Finance Division Accounting, #140
Davis, James E.	2011-06-21	2012-07-21 <small>^Exclude prior service as Temporary Status 6/21/11 to 7/20/12</small>	Human Resources Division Org. Development & Training, #424
LePage, Van Yen Bui	2012-07-23	2012-07-23	Information Technology Division Enterprise Resource Planning, #167
Greenleaf, Karen L.	2012-07-12	2012-07-12	Legal Division Legal, #050
Abbott, Richard P.	2012-02-15	2012-02-15	Operations and Maintenance Division South Boulder Area, #510
Choumhimmasen, Thon Gvone	2011-04-25	2012-04-14 <small>^Exclude prior service as Temporary Status 4/25/11 to 4/13/12</small>	Operations and Maintenance Division T&D Construction & Maintenance, #710
Feldhauser III, John W.	2012-07-16	2012-07-16	Operations and Maintenance Division Water Quality, #230
Thorston, Sarah C.	2011-07-12	2012-07-07 <small>^Exclude prior service as Temporary Status 7/12/11 to 7/6/12</small>	Operations and Maintenance Division Water Quality, #230
Portillo, Diego	2012-07-19	2012-07-19	Planning Division Raw Water Planning, #340

3. **ITEM V-A-3: CHANGES TO PERSONNEL POLICIES – CHAPTERS 8 AND 12**

Approved revisions to Chapters 8 and 12 of the Personnel Policies to allow one-time merit increases to employees with salaries above their pay ranges for performance evaluations of “outstanding” or “consistently exceeds”

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expectations,” as more particularly described in the revised provisions of Sections 8-3-(4), 12-2-(3)(a), 12-3-(2)(b), and 12-5-(1)(b) and (d) of the Personnel Policies, copies of which are attached to and incorporated in these Minutes as Exhibit “B.”

4. **ITEM V-A-4: CONTRACT FOR AQUA AMMONIA**

At the request of staff, this item was withdrawn from the agenda.

5. **ITEM V-A-5: CONTRACT FOR HYDRATED LIME**

Authorized award of Contract No. 14168A for hydrated lime to Mississippi Lime Company for the contract period February 1, 2013, through January 31, 2018, for a total contract amount not to exceed \$600,000.00.

6. **ITEM V-A-6: AUTHORIZATION OF ADDITIONAL FUNDS FOR JANITORIAL SUPPLIES**

Authorized additional funds for Contract No. 13599A with Waxie Sanitary Supply for janitorial supplies for the existing contract period through June 30, 2013, in the amount of \$25,000.00, for a total amended contract amount not to exceed \$110,000.00.

7. **ITEM V-A-7: AUTHORIZATION OF ADDITIONAL FUNDS FOR RADIO EQUIPMENT SERVICES**

Authorized additional funds for Contract No. 13154A with KNS Communications Consultants for radio equipment services for the existing contract period through August 31, 2014, in the amount of \$50,000.00, for a total amended contract amount not to exceed \$150,000.00.

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8. **ITEM V-A-8: EXTENSION OF CONTRACT FOR STREET CLEANING SERVICES**

Authorized additional funds of \$410,000.00 and a new completion date of March 30, 2015, for Contract No. 13432A with Armstrong Sweeping, Inc., for street cleaning, for a total amended contract amount not to exceed \$600,000.00.

9. **ITEM V-A-9: AMENDMENT NO. 2 WITH R.E. MONKS CONSTRUCTION COMPANY, LLC, FOR THE HAZELTINE RESERVOIR SLOPE IMPROVEMENTS**

Approved Amendment No. 2 to Contract 13161A with R.E. Monks Construction Company, LLC, for the Hazeltine Reservoir Slope Improvements in the amount of \$190,704.00, a copy of which is attached to and incorporated in these Minutes as Exhibit "C."

10. **ITEM V-A-10: AGREEMENT WITH PURE TECHNOLOGIES FOR CONDUIT NO. 94 ELECTROMAGNETIC INSPECTION**

Authorized entering into Agreement 14800A with Pure Technologies, Ltd., for the Conduit No. 94 Electromagnetic Inspection Project in the amount of \$149,000.00, a copy of which is attached to and incorporated in these Minutes as Exhibit "D."

11. **ITEM V-A-11: CONTRACT FOR CONDUIT NO. 2 AND CONDUIT NO. 13 VALVE REPLACEMENTS PROJECT**

Awarded Contract No. 14557A to T. Lowell Construction, Inc., for the Conduit No. 2 and Conduit No. 13 Valve Replacements Project in the amount of \$1,439,000.00.

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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 December 2012 through January 2013 as follows:

Change Order No. 1 to Contract 12915A with Archer Western Construction, LLC, for the Platte Canyon Reservoir Spillway Modification Project;

Change Order No. 2 to Contract 13831A with JCOR Mechanical, Inc., for the Recycling Plant – Safety Shower Upgrades;

Twenty-First Amendment to Agreement 07538A with URS Corporation for the Moffat Collection System Project;

Seventh Amendment to Agreement 12328A with URS Corporation for the Marston Multiple Level Outlet Works;

Second Amendment to Agreement 12911A with Finish Line Systems LLC for the Neptune Water Meter Registers;

First Amendment to Agreement 13795A with Grand River Consulting Corporation for the Front Range Water Council;

Third Amendment to Agreement 14058A with AECOM Technical Services, Inc., for the Platte Canyon Dam Spillway Modification Construction Phase Engineering Services;

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Second Amendment to Agreement 14060A with Tetra Tech, Inc., for the Engineering Services for Hazeltine Reservoir;

First Amendment to Task Order Agreement 14308C with Brierley Associates, LLC, for the Conduit No. 1 Relocation at Federal and Colfax;

First Amendment to Task Order Agreement 14322B with Geocal, Inc., for the 12-Inch Water Main Crossing of the UPRR Tracks; and

First Amendment to Task Order Agreement 14352B with Shannon & Wilson, Inc., for the Conduit No. 152 Geotechnical Services,

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

13. **ITEM V-A-13: CONSTRUCTION CONTRACT WITH WESTERN SUMMIT CONSTRUCTORS, INC., FOR THE ASHLAND RESERVOIR TANK REPLACEMENTS WORK PACKAGE 1**

Awarded Contract 14063B to Western Summit Constructors, Inc., for the Ashland Reservoir Tank Replacements for Work Package 1 GMP, approval of a contingency to be administered by staff, and a market price adjustment fund to be administered by staff, all totaling \$32,629,423.00, all as more particularly described in the attachment to Agenda Item V-A-13, a copy of which is attached to and incorporated in these Minutes as Exhibit "F."

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14. **ITEM V-A-14: FOURTH AMENDMENT TO AGREEMENT WITH SDG INCORPORATED FOR THE ASHLAND TREATED WATER RESERVOIR REPLACEMENT**

Authorized the Fourth Amendment to Agreement 13529A to SDG Incorporated for the Ashland Treated Water Reservoir Replacement Project in the amount of \$1,278,736.00, a copy of which is attached to and incorporated in these Minutes as Exhibit "G."

15. **ITEM V-A-15: AUTHORIZATION OF ADDITIONAL AMOUNTS FOR THE LEASE OF RUEDI RESERVOIR WATER**

Authorized payment of the additional \$104,840.00 to the Colorado River Water Conservation District to cover the cost of the permanent lease and 2013 operations assessment.

16. **ITEM V-A-16: TEMPORARY LEASE OF REUSABLE EFFLUENT WITH THE CITY OF BRIGHTON**

Ratified actions taken by the CEO/Manager in approving the Temporary Lease of Reusable Effluent with the City of Brighton, a copy of which is attached to and incorporated in these Minutes as Exhibit "H."

17. **ITEM V-E-1: WATERTON CANYON STREAM FLOW AGREEMENT WITH THE COLORADO WATER CONSERVATION BOARD**

Approved entering into an agreement with the Colorado Water Conservation Board to help protect minimum stream flow requirements in Waterton Canyon.

Mr. Stitt explained the purpose of this agreement is to eliminate the Colorado Water Conservation Board's opposition to Denver Water's application in water court (05CW316, WD #1) for a junior water right to protect minimum stream flows between Strontia Springs Reservoir and Chatfield Reservoir, which

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were mandated by the United States Forest Service and Bureau of Land Management.

The agreement and a map of the area are attached to and incorporated in these Minutes as Exhibit "I."

18. **ITEM V-E-2: AUTHORIZATION OF FUNDS FOR ADVERTISING AND SOCIAL MARKETING PROFESSIONAL SERVICES**

At the request of staff, this item was withdrawn from the agenda.

19. **ITEM V-E-3: RETIREE MEDICAL TRANSITION OPTIONS**

Selected Option 3, with a modification, from the transition options described on the copy attached to and incorporated in these Minutes as Exhibit "J," to transition the retiree medical benefit to a maximum five-year subsidy for implementation on January 1, 2014.

Commissioner Austin explained that the Board was compelled to act by changes in accounting rules and that the Board had considered a broad range of options.

Mr. Lochhead thanked the Board for allowing an extended period of time to analyze the options. He explained the process that came up with the options, including actuarial analysis, focus groups, employee suggestions, and legal review. Mr. Lochhead explained he recommended Option 3, which is a longevity-based option, with a modification allowing retirees who are 55 years old as of January 1, 2014, without 25 years of service, to access the plan at full cost until age 65.

Commissioner Austin noted that retiree medical benefits are not a vested right and that the current Board cannot bind future Boards on this issue. He stated there needs to be an ongoing analysis of the benefits in connection with the ongoing Employer of the Future initiative.

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

The Commissioners received a report from Mr. Piper regarding pending legislation and requested more information on HB13-1090 and SB13-019.

21. **ITEM VI-B-2: DISCUSSION AND INFORMATION: REVIEW OF PROPERTY BURDENS AND DISPOSALS 4TH QUARTER 2012**

The Commissioners received a report for the Fourth Quarter 2012 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, a copy of which is attached to and incorporated in these Minutes as Exhibit "K."

22. **ITEM VI-C-1: DISCUSSION AND INFORMATION: DROUGHT PREPARATION**

Mr. Little explained Denver Water is currently in a stage 1 drought, but we have not reached the traditional snowiest months, March and April. Mr. Little described the staff's current efforts to prepare for another drought, including looking for places to add supply and for ways to reduce demand and spending, as well as working on communication strategies and coordination with other utilities. Mr. Little also identified the financial components of a drought response plan: reducing expenditures, drawing on reserves, and increasing revenues. He explained the Board will be asked to decide on a drought response plan at a March meeting. He cautioned that because of the current reservoir reserves the Board may need to consider whether to use its strategic water reserve.

Commissioner Herzmark asked that staff consider what will happen in 2014 and 2015 if the drought continues.

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

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23. **ITEM VI-F-1: DISCUSSION AND INFORMATION: MONTHLY INVESTMENT PORTFOLIO REPORT**

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

24. **ITEM VI-F-2: DISCUSSION AND INFORMATION: DENVER WATER EMPLOYEES' RETIREMENT PLAN TRUST FUND**

The Commissioners received the Defined Benefit Plan Update – 4Q 2012, a copy of which is attached to and incorporated in these Minutes as Exhibit "N."

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

The Commissioners received the 2013 Year-to-Date Budget Status Summary for the period ending January 31, 2013, a copy of which is attached to and incorporated in these Minutes as Exhibit "O."

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

The Board confirmed a Study Session will take place on **Wednesday, February 27, 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, March 13, 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 approximately 9:54 a.m.

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EXECUTIVE SESSION

On Wednesday, February 13, 2013, commencing approximately at 10:05 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. Litigation § 24-6-402(4)(b)
3. Attorney-Client Matters § 24-6-402(4)(b)
4. Negotiations § 24-6-402(4)(e)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 11:48 a.m.


Secretary


President