

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Open Session

May 11, 2011

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, May 11, 2011 beginning at 9:12 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
T. Roode, Interim 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
M. L. Walker, Attorney	J. M. Barbier, Engineer
J. H. Bambei, Jr., Chief of Engineering	J. Seagren, Construction Project Manager
J.M. Ross, Engineer	K. R. Keefe, Superintendent of Source of Supply
B.G. Schulte, Design Drafting Supervisor	C. Barela, Design Drafter

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D. Hamm, Staff Analyst	M. Leister, Chief of Construction Management
C.L. Ward, Senior Internal Auditor	R. G. Steger, Manager of Raw Water Supply
J.A. Figurelli, Budget Analyst	A.J. Chavez, Staff Analyst
J.D. Archer, Engineer	T.K. Segura, Budget Analyst
S.M. Franey, Senior Internal Auditor	P. Coleman, Manager of Internal Auditing
T. Lowe, Distributor Services Supervisor	M. O'Neill, Manager of Accounting
G. Wilcox, Manager of Budgeting	U. Sharma, Treasurer
N. F. Sperandeo, Recreation Manager	G. Zervos, Accountant
W. C. Austin, Manager of Safety and Security	S. Chesney, Community Relations Specialist
C. Piper, Intergovernmental Affairs Coordinator	S.N. Niemi, Rate Analyst
M.M. Alvarado, Design Drafter	J.W. McCarty, Safety and Loss Control Supervisor
J.D. Dreier, Caretaker	B.L. Daniels, Construction Project Inspector
A.D. Guire, Administrative Assistant	G.G. East, Assistant District Foreman, Source of Supply
B.J. Newberry, Caretaker	J.T. Martin, Engineer
S.C. Reum, Engineer	R.E. Peterson, Caretaker
A.J. Hassman, Purchasing	D.D. Wintzen, Design Drafter
Pat Fitzgerald, Distributor's Liaison Representative, Platte Canyon Water and Sanitation District and Southwest Metropolitan Water and Sanitation District	Herman Gallegos, Carnation Building Services

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Michael Anderson, Citizen

Michael Bertram, Carnation Building
Services

Carol Mrul, Citizen

Frances Shure, Citizen

K. Bewersdorf, Citizen

Davis Hartsoole, Citizen

Charles Soupios, We Are
Change/FACT

Lisa Brumfiel, Citizen

Rod Filliben, KPMG, LLP

Jon Fox, VFP

Kathy Garcia, KPMG, LLP

Chris Farnsworth, Citizen

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 April 13 and 27, 2011 was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Sessions of April and 27, 2011 were approved.

Public Comment

In response to Commissioner Lucero's invitation to members of the public to comment to the Board regarding matters that were not included in the Agenda, Katie Bewersdorf asked to be recognized. Ms. Bewersdorf remarked that she and others had attended previous Board meetings to discuss cessation of water fluoridation. Ms. Bewersdorf offered to respond to any questions from the Commissioners regarding the materials which had been presented earlier.

Mr. Roode explained that representatives of the Colorado Department of Public Health and Colorado Dental Association had attended the Board's April 27, 2011 Study

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Session and provided information to the Board. Denver Water Staff will provide a written response to the citizens' request regarding cessation of water fluoridation. Mr. Roode explained that part of the ongoing review is to determine the basis for the January 2011 modifications regarding fluoridation recommended by the Centers for Disease Control, HHS and the American Dental Association.

The Commissioners thanked the citizens for the information which had been provided and commented that such information, together with the information presented by the American Dental Association and the Colorado Department of Health was helpful in focusing Denver Water's response. Commissioner Tate confirmed the issue presented was the addition of fluoride in the water treatment process.

Chris Farnsworth asked that the Board have available to it a document presented to the EPA challenging the use of fluoride in water treatment. Mr. Farnsworth offered to provide the URL for the information and noted the document, if printed, would be quite lengthy.

The Commissioners thanked the members of the public for attending the meeting and bringing their concerns to the attention of the Board.

Commissioner Lucero asked if there were any other comments from members of the public. There was no response.

Ceremony

Mr. Mahoney and Mr. Schulte presented certificates to the following employees in recognition of their individual involvement in the Cheesman Dam Upstream Control Project:

Manual Alvarado
Jeff Archer
Chris Barela
Brian Daniels
Jade Dreier

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Greg East
Mike Gilmor (not present)
Amy Guire
Jeff Martin
Mike Miller
Bill Newberry
Ray Peterson
Steve Reum
Jim Weldon (not present)
Donna Wintzen

Mr. Mahoney noted that each of the persons recognized had contributed to the overall success of the project and commented that because of its unique nature, it was necessary to have project support on a 24/7 basis. Commissioner Lucero, on behalf of the Commissioners, thanked the employees for their individual effort in bringing the project, which is critical to the overall operation of Denver Water, to completion.

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: EMPLOYEES ELIGIBLE FOR REGULAR STATUS**

The following employees were classified as regular employees of the Board, with all rights and privileges thereof, effective **May 1, 2011**, unless otherwise noted:

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Employee Name	Employment Date	Retirement Plan Participation Date <small>Unless otherwise noted^</small>	Division/Section
Jeffrey Tejral	10/18/2010	10/18/2010	Conservation #022
Gary Faselt	11/01/2010	11/01/2010	Survey Field Crew #243
Angelica Shelman^	07/14/2010	10/30/2010 ^Exclude Prior Service as Temporary Status 07/14/2010 to 10/29/2010	Customer Care #460

2. ITEM V-A-2: CONTRACT FOR BELLEVIEW PUMP STATION SERVICE AND SWITCHGEAR REPLACEMENT

Authorized award of a contract to Sturgeon Electric Company, Inc., for the replacement of electrical service and switch gear at the Belleview Pump Station at a cost not to exceed \$1,397,885.

3. ITEM V-A-3: RATIFICATION OF AMENDMENT NO. 2 TO THE CONTRACT WITH T. LOWELL CONSTRUCTION, INC. FOR EMERGENCY REPAIR OF CONDUIT NO. 94

Ratified actions taken by the CEO/Manager in amending Contract 12916A with T. Lowell Construction, Inc., necessary for the emergency repair of Conduit No. 94, at a cost to the Board of \$153,000, all as more particularly described in Amendment No. 2, a copy of which is attached to and incorporated in these Minutes as Exhibit "A."

Mr. Bambei provided a short explanation of the need to replace the 16 foot section of Conduit No. 94, based upon an earlier risk analysis and subsequent partial excavation of the pipe section. Mr. Bambei used photos of the pipe as it was excavated to show the failure which occurred as the pipe

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was exposed. In response to questions from the Commissioners, Mr. Bambei opined that continued electro-magnetic inspections of Conduit No. 94 will identify sections of pipe which need to be analyzed further and may require replacement. Although whole-scale replacement of Conduit No. 94 is not warranted at this time, Denver Water and its consultants continue to inspect and maintain records of the condition of the pre-stressed concrete cylinder pipe throughout the Denver system. Approximately, one and a half miles of Conduit No. 94 have already been replaced with steel pipe, leaving nine miles of original pipe which must continue to be monitored.

4. **ITEM V-A-4: 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 March and April 2011 as follows:

Change Order No. 4 to Contract 11992E with Moltz Construction for the Marston Filter Plant No. 2 Upgrade;

Change Order No. 2 to Contract 12890A with Golden Triangle Construction for the Lakeridge Pump Station Backup Generator Addition;

Change Order No. 2 to Contract 13079A with Reynolds, Inc. to furnish and install portions of Conduit No. 302;

Change Order No. 1 to Contract 13177A with Jennison Construction Company, Inc., for the replacement of Foothills Rapid Mixers;

Change Order No. 2 to Contract 13190A with Concrete Works of Colorado, Inc., for relocation of Conduit No. 30 at Highway 285 and Wadsworth Boulevard;

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First Amendment to Task Order Agreement 11127J with Lintjer + Haywood Architects, P.C. for design of the Foothills Treatment Plant Chemical Control Filter Building Structure;

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

First Amendment to Task Order Agreement 12512E with RJH Consultants for the Antero Dam and Reservoir Rehabilitation Project;

Fourth Amendment to Task Order Agreement 12518B with Weston Solutions, Inc., for design of security modifications at Dillon Dam;

Third Amendment to Agreement 12769A with URS Corporation for Phase 2 Design Services for the Cheesman Dam Upstream Control Project;

Amendment to Agreement 12140A with Metropolitan Janitorial Services to provide street cleaning services; and

Amendment to Agreement 12148A with United Rentals, Inc., for rental of trench shoring equipment,

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

5. **ITEM V-A-5: AUTHORIZATION OF ADDITIONAL TIME AND FUNDS FOR ASPHALT PAVING AND CONCRETE REPAIRS**

Authorized \$338,383.66 of additional funds to Colorado Asphalt Services, Inc., for asphalt paving and concrete repairs and extended the contract to March 4, 2011, which extension and additional funds were necessary in order to complete repair work which occurred prior to the time the new contractor

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was able to take responsibility for making paving and concrete repairs, all as more particularly described in the Third Amendment to Contract, a copy of which is attached to and incorporated in these Minutes as Exhibit "C."

6. **ITEM V-A-6: CONTRACTS SCHEDULED TO RENEW AND/OR ADD FUNDING IN THE 2ND QUARTER 2011**

Authorized extension and additional funding for the following annual contracts:

Contract with JP Morgan Chase to provide Electronic Lockbox services through October 1, 2011, at an additional cost of \$6,000;

Contract with Mellon Bank NA to provided controlled disbursement services through May 31, 2011, at an additional cost of \$5,000; and

Contract with Informatica Corporation to provide data analysis software through December 31, 2011, at an additional cost of \$25,000,

all as more particularly described in the attachment to Agenda Item V-A-6, a copy of which is attached to and incorporated in these Minutes as Exhibit "D."

7. **ITEM V-A-7: CHANGE ORDER NO. 2 WITH ASLAN CONSTRUCTION, INC. FOR THE LAMAR PUMP STATION RENOVATIONS**

Approved Change Order No. 2 in the amount of \$46,800 to the July 27, 2010 contract with Aslan Construction, Inc., Contract No. 12963A, to provide additional services, all as more particularly described in the Change Order, a copy of which is attached to and incorporated in these Minutes as Exhibit "E."

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8. **ITEM V-E-1: CONTRACT FOR CONSTRUCTION OF LONE TREE RESERVOIR BASIN NO. 2**

Authorized award of a contract to Garney Companies, Inc., to construct the Lone Tree Reservoir Basin No. 2 Project, at a cost of \$7,459,000.

Jessica Barbier introduced Julie Seagren, Construction Project Manager for the project. Ms. Barbier explained the quality-based selection process that was followed in selecting the contractor. Ms. Barbier emphasized that construction of Basin No. 2 would take an experienced contractor with a demonstrated ability to work with the public. Additionally, the contractor will need to meet the May 1, 2012 completion date without working extended hours or on weekends. In response to questions from the Commissioners, Mr. Mahoney explained how the technical ability of the contractor/and the commitment of a full time public information person were important considerations in the selection process.

9. **ITEM V-E-2: CONTRACT FOR RALSTON DAM AND RESERVOIR CARETAKER RESIDENCES**

Tabled to a future meeting consideration of the proposal to construct two new caretaker houses at the Ralston Dam and Reservoir facility.

Mr. Ross provided information to the Board regarding the current condition and location of the caretaker homes and the need to construct new, more energy-efficient homes. Mr. Roode and Mr. Keefe explained the need for an onsite presence due to security and operational requirements.

10. **ITEM V-E-3: SECOND AMENDMENT TO TOTAL SERVICE IMPROVEMENT CONTRACT WITH EAST CHERRY HILLS DISTRICT**

Approved entering into the Second Amendment to Water Service Agreement with the East Cherry Hills Water District, TSI-237, approving reimbursement

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of \$100,000 to the District from surcharge funds previously collected by Denver Water to cover expenses of the District in upgrading the District facilities and for including the District's facilities and customers in the contract service area of the City of Cherry Hills Village, all as more particularly described in the Second Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "F."

Mr. Lowe described information regarding the location of the District and the number of customers served. With the Second Amendment, the customers will pay an additional surcharge necessary to reimburse the \$100,000 plus interest. In response to questions from the Commissioners, Mr. Lowe explained the District customers are fully aware of the need for the payment of the additional surcharge and support making the improvements and dissolving the District.

11. **ITEM V-E-4: CONTRACT EXTENSION WITH MODIS, INC. FOR IT INFRASTRUCTURE SUPPORT SERVICES**

Approved extension of the September 2008 contract with Modis, Inc., Contract 11953A, to provide the services of Allen Buswell and Travis Armour as IT Infrastructure Technicians, augmenting staffing in the Tier IV Enterprise Infrastructure Section of the Information Technology Division for an additional 12 months and \$295,000, for a total amended contract amount of \$920,600.

Mr. Dermody explained the individuals are filling a core position and that Staff intends to provide a more complete program for either continuing to fill such positions with contract employees or to include them in Denver Water's Table of Organization. The program will be discussed with the Board at a workshop to be scheduled in September or October.

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12. **ITEM V-E-5: CONTRACT EXTENSION WITH THE DOYLE GROUP FOR SHAREPOINT ADMINISTRATION SERVICES**

Approved extension of the October 2009 Agreement with the Doyle Group, Contract 12632A, to provide the services of Steve Decker as an Enterprise Sharepoint Administrator, augmenting staffing in the Tier II Business Application Support Section of the Information Technology Division, for an additional 12 months, at a cost of \$170,000, and a total amended contract amount of \$448,800.

Mr. Dermody explained that the services provided by Mr. Decker were considered to be core services and that the position would be included in the overall discussion with the Board at the September/October workshop.

13. **ITEM V-E-6: CONTRACT EXTENSION WITH AELLIUS PROFESSIONAL RESEARCH & CONSULTING, LLC FOR JDE SYSTEM TECHNICAL SUPPORT**

Approved entering into a contract extension with Aellius Professional Research and Consulting, LLC, further amending the July 2007 Agreement, Contract 10948A, for an additional 12 month period, at an additional cost of \$50,000, and a total amended contract amount of \$277,000.

14. **ITEM V-E-7: CONTRACT EXTENSION WITH CARPEDATUM CONSULTING, INC. FOR TM1 RELATED PRODUCTION SUPPORT SERVICES**

Approved extending the May 2008 Contract with CarpeDatum Consulting, Inc., Contract 11684A, to provide on-call production system support services for an additional 12 months, at an additional cost of \$40,000, and a total amended contract amount of \$205,000.

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During the discussion of Agenda Items V-E-4 through V-E-7, Commissioner Tate noted the extensions were not first time extensions. Commissioner Tate requested that Staff develop a program to seek open competitive bids to provide required IT services. Commissioner Tate expressed concern with continuing to outsource with the same consultant firms and not expanding the recruitment base for selection of outside consultants.

15. **ITEM V-E-8: ANNUAL CONTRACTS FOR CLEANING SERVICES AT DENVER WATER FACILITIES**

Authorized award of a contract to Carnation Building Service, Inc. to provide cleaning services for the Administration and Quivas Buildings for the period June 1, 2011 through May 31, 2013, at a cost of \$225,000 and award of a contract to Integrated Cleaning Services to provide cleaning services at the Marston Water Quality Control Laboratory, Recycling Plant and Foothills Treatment Plant, for the Period June 1, 2011 through May 31, 2013, at a cost of \$95,000.

16. **ITEM V-E-9: ANNUAL CONTRACTS FOR CLEANING SERVICES UNDER THE BOARD'S MAIN BREAK POLICY**

Authorized award of contracts to Palace Construction Co., Inc., and Colorado Catastrophe (CoCat) to assist property owners and tenants when main breaks cause property damage for the contract period June 1, 2011 through May 31, 2013, at a total cost of \$600,000.

John McCarty provided background regarding the Board's Water Main Break Cleanup Policy and explained how staff proposed to use two contractors rather than a single company to provide restoration services. Ms. Wells explained that Denver Water provides to property owners the described assistance for cleanup and limited payment for damage to personal property when main breaks cause damage under a policy first enacted in 1997.

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17. **DISCUSSION AND INFORMATION: STRATEGIC PLAN UPDATE**

Mr. Good provided an update regarding the ongoing efforts to implement the Strategic Plan. As a result of a recent meeting with Section Leaders, Denver Water will ask for information from qualified firms regarding implementation and communication efforts. Mr. Good noted that some of the tasks that are outlined in the Strategic Plan are expected to be completed in 2011 while others are long term.

18. **ITEM VI-B-1: DISCUSSION AND INFORMATION: MANAGEMENT ISSUES: EXTERNAL AUDIT**

Mr. O'Neill introduced Rod Filliben and Kathy Garcia, representatives of KPMG, Denver Water's external auditors, who provided an overview of the 2010 Financial Statements. Mr. Filliben noted that the audit resulted in an unqualified (clean) opinion, and further that the 2010 Operating Revenue, Income Before Capital Contributions and Net Assets all increased over 2009. Mr. Filliben reported there were no specific matters to be brought to the Board's attention regarding the audit, and he complimented Denver Water Staff for their cooperation.

19. **ITEM VI-B-2: DISCUSSION AND INFORMATION: MANAGEMENT ISSUES: LEGISLATIVE REPORT**

Mr. Piper provided the Commissioners with a short report regarding the 2011 Legislative Session. Mr. Piper commented regarding the establishment of an Interim Water Committee and the mechanism that the Interim Water Committee utilizes to develop legislation for the following session. During the discussion, Ms. Wells commented regarding legislation which might be required to address delivery of environmental flows under the Mediation Agreement.

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20. **ITEM VI-B-3: DISCUSSION AND INFORMATION: MANAGEMENT ISSUES: QUARTERLY BUDGET UPDATE**

Ms. Wilcox provided the Commissioners with a copy of the 2011 Budget document, a copy of which is attached to and incorporated in these Minutes as Exhibit "G." Ms. Wilcox then highlighted the First Quarter Budget Update Summary, a copy of which is attached to and incorporated in these Minutes as Exhibit "H." Ms. Wilcox noted that capital spending is currently under the budgeted amount and current projections are that total capital expenditures for 2011 may be slightly lower than the approved budget. Operating expenses are also under budget and may result in a small savings for the year. Ms. Wilcox reported Denver Water had achieved the 5% vacancy savings and, because vacant positions are being filled at a lower salary level, Staff expects a savings in payroll expenditures for 2011.

21. **ITEM VI-C: DISCUSSION AND INFORMATION: WATER SUPPLY & DEMAND**

Mr. Steger reported the snowpack above Denver Water's facilities is in excellent shape and Denver Water is continuing to evacuate storage from Dillon Reservoir in anticipation of filling during the peak runoff. The recent cold weather has delayed the Spring runoff by as much as two weeks.

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

The Commissioners received the report, "Denver Water Investment Portfolio as of April 29, 2011" as set forth in Agenda Item VI-F-1 dated May 11, 2011, a copy of which is attached to and incorporated in these Minutes as Exhibit "I."

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

The Board confirmed a Study Session will take place on **Wednesday, May 25, 2011**, at **9:00 a.m.** in the Board Room, Room 309, 1600 W. 12th Avenue, Denver, Colorado. An action agenda will precede the Study Session. The topics to be discussed will be posted prior to the meeting. A portion of the meeting will take place in Executive Session.

The Board will meet in a Study Session on **Thursday, May 26, 2011** at **8:30 a.m.** in the Cheesman Room of Three Stone Building to discuss Integrated Resource Planning.

The Board confirmed that the first regular meeting for June would take place on **Wednesday, June 8, 2011**, 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 11:50 a.m.

EXECUTIVE SESSION

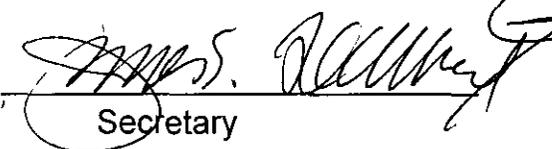
On Wednesday, May 11, 2011, commencing approximately at 11:50 a.m. in the Board Room, located in the Administration Building, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners met in Executive Session. The following matters which are authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34 were discussed during the Executive Session:

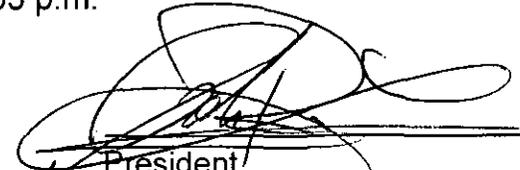
1. Confidential Reports § 24-6-402(4)(c)
2. Litigation Report § 24-6-402(4)(b)
3. Mediation § 24-6-402(4)(a), (b) and (e)

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There being nothing further for the Board to consider, the Executive Session concluded at approximately 12:55 p.m.


Secretary


President