

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

EXECUTIVE SESSION

January 11, 2012

Pursuant to notice, a duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, January 11, 2012 beginning at approximately 8:55 a.m. The first portion of the meeting was in Executive Session, held in the CEO/Manager's Office. The subject matter of the Executive Session, which is authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34 was

Attorney-Client § 24-6-402(4)(b)

The Executive Session recessed at approximately 9:10 a.m.

OPEN SESSION

The Open Session began at 9:22 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
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

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R. J. Mahoney, Director of Engineering	J. Griffin, <i>Acting</i> 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
T. L. McGuire-Collier, Manager of Community Relations	M. L. Walker, Attorney
P. J. McCormick, Engineer	S. Chesney, Community Relations Specialist
D. Hamm, Staff Analyst	A. Turney, Chief of Distribution and Property Management
N. F. Sperandeo, Recreation Manager	K. R. Keefe, Superintendent of Source of Supply
D. O. McCollum, Manager of Records and Document Administration	J. R. Foster, Ditch Company Coordinator
J. M. Ross, Engineer	J. M. Barbier, Engineer
J. Light, Engineer	P. Daukas, Manager of Environmental Planning
S. N. Niemi, Rate Analyst	L. Billeter, Staff Analyst
T. Cristiano, Manager of Rate Administration	M.E. Elliott, Manager of Water Conservation
T. J. Bray, Environmental Scientist	E. W. Helgeson, Rate Analyst
G. C. Berg, Rate Analyst	
Pat Fitzgerald, Platte Canyon Water and Sanitation District and Southwest Metropolitan Water and Sanitation District	

Commissioner Austin called the meeting to order.

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

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Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Annual Meeting of December 14, 2011 was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Regular Meetings of December 7 and December 14, 2011 was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Sessions of December 7 and December 14, 2011 were approved.

Public Comment

Commissioner Austin invited members of the public to comment to the Board on any matter 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 RESOURCE CHANGES**

Approved the human resource changes set forth in Agenda Item V-A-1 dated January 11, 2012, a copy of which is attached to and incorporated in these Minutes as Exhibit "A," effective the pay period ending **December 23, 2011** unless otherwise noted.

2. **ITEM V-A-2: EMPLOYEES ELIGIBLE FOR REGULAR STATUS**

No employees were eligible to be classified as regular employees of the Board.

3. **ITEM V-A-3: CONTRACT FOR HIGH EFFICIENCY PLUMBING FIXTURES FOR LOW INCOME INSTALLS**

Authorized award of a contract to Wholesale Specialties, Inc., to provide Denver Water's requirements of high efficiency plumbing fixtures for low-

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income housing and retro-fit projects for the contract period February 1, 2012 through January 31, 2014, for a total contract amount not to exceed \$300,000.

4. **ITEM V-A-4: CONTRACT FOR DISPOSAL OF TREATMENT PLANT RESIDUALS**

Authorized award of a contract to Republic Services to haul and dispose of Marston Water Treatment Plant and Ralston Reservoir residuals to an approved landfill site or a Class I composting facility, as required, for the contract period January 1, 2012 through December 31, 2014, for a total contract amount not to exceed \$285,000.

5. **ITEM V-A-5: CONTRACT FOR POLYDADMAC POLYMER**

Authorized award of a contract to BASF to furnish Denver Water's requirements of Magnafloc LT 7985 PolyDADMAC polymer for the contract period January 1, 2012 through December 31, 2016, for a total contract amount not to exceed \$2,925,000.

6. **ITEM V-A-6: AUTHORIZATION OF ADDITIONAL FUNDS AND EXTENSION OF CONTRACT COMPLETION DATE TO SUPPLY MECHANICAL JOINT RESTRAINTS**

Authorized extension of the April 1, 2011 contract with Star Pipe Product to supply Denver Water's requirements for mechanical joint restraints, Contract 13408A, through March 31, 2013, for an additional \$430,000, and a total amended contract amount not to exceed \$660,000.

7. **ITEM V-A-7: EXTENSION OF CONTRACT AND AUTHORIZATION OF ADDITIONAL FUNDS TO SUPPLY MECHANICAL JOINT DUCTILE IRON FITTINGS**

Authorized extension of the April 1, 2010 Agreement with Star Pipe Product, Contract 12858A, to supply Denver Water's requirements of mechanical joint ductile iron fittings through March 31, 2013, for an additional \$190,000, and a total amended contract amount not to exceed \$740,000.

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8. ITEM V-A-8: AUTHORIZATION OF ADDITIONAL FUNDS AND EXTENSION OF TIME TO SUPPLY CLOTHING & UNIFORMS

Authorized extension of the April 1, 2010 Agreement with Rockmont Envelope to provide Denver Water's requirements of standard clothing and uniforms, Contract 12553A, through September 30, 2012, for an additional \$100,000, and a total amended contract amount not to exceed \$170,000.

9. ITEM V-A-9: EXTENSION OF CONTRACT AND AUTHORIZATION OF ADDITIONAL FUNDS FOR HYDRATED LIME

Authorized extension of the November 1, 2006 Contract with Mississippi Lime Company, Contract 10561A to provide Denver Water's requirements of hydrated lime through January 31, 2013 at an additional cost of \$90,000, and a total amended contract amount not to exceed \$690,000.

10. ITEM V-A-10: RATIFICATION OF AMENDMENT NO. 1 WITH MAINLINING SERVICES, INC. FOR THE 2011 REHABILITATION PROGRAM

Ratified Amendment No. 1 to the March 9, 2011 Contract with Mainlining Services, Inc., resulting in a net credit in the amount of \$148,742.20, for work performed in the rehabilitation of 49,054 linear feet of water main by cement mortar lining, all as more particularly described in Amendment No. 1, a copy of which is attached to and incorporated in these Minutes as Exhibit "B."

11. ITEM V-A-11: RATIFICATION OF AMENDMENT NO. 1 WITH T. LOWELL CONSTRUCTION, INC. FOR THE CONDUIT NO. 13 INTERNAL JOINT SEALS PROJECT

Ratified Amendment No. 1 to Contract 13577A with T. Lowell Construction, Inc., for the Conduit No. 13 Internal Joint Seals Project, in the amount of \$125,000, a copy of which is attached to and incorporated in these Minutes as Exhibit "C."

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12. **ITEM V-A-12: CONTRACT FOR THE MARSTON TREATMENT PLANT SAFETY SHOWER AND EYEWASH STATION UPGRADES**

Authorized award of a contract to JCOR Mechanical, Inc. for the Marston Treatment Plant Safety Shower and Eyewash Station Upgrades, in the amount of \$196,130.

13. **ITEM V-A-13: CONTRACT FOR THE MOFFAT TREATMENT PLANT SAFETY SHOWER AND EYEWASH STATION UPGRADES**

Authorized award of a contract to JCOR Mechanical, Inc., for the Moffat Treatment Plant Safety Shower and Eyewash Station Upgrade Project, in the amount of \$208,370.

14. **ITEM V-A-14: AMENDMENT NO. 2 WITH T. LOWELL CONSTRUCTION, INC. FOR CONDUIT NO. 58 REPLACEMENT IN 38TH AVENUE FROM MONACO PARKWAY TO QUEBEC STREET**

Approved Amendment No. 2 to the June 8, 2011 Contract with T. Lowell Construction, Inc., Contract 12995A, for Conduit No. 58 Replacement in 38th Avenue from Monaco Parkway to Quebec Street, in the amount of \$64,312, all as more particularly described in the Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "D."

15. **ITEM V-A-15: 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 November and December, 2011 as follows:

Change Order to the Contract with Coblaco Services, Inc., Contract 13835A, for coating repairs at the Recycle Plant;

Second Amendment to Task Order Agreement 11119P with Dewberry-Goodkind, Inc. for the OMS System Updates and Editing Project;

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First Amendment to Task Order Agreement 13374A with J. Kent Staffing, Inc., to provide temporary employment and payroll services;

First Amendment to Agreement 13789A with Gracon Corporation for Dillon Dam Outlet Works Gate Repairs; and

Third Amendment to Contract 13379A with EDP Recruiting Services, Inc., to provide PeopleSoft HRMS Applications support;

all as more particularly described in the Attachment to Agenda Item V-A-15, a copy of which is attached to and incorporated in these Minutes as Exhibit "E."

16. ITEM V-A-16: PERSONNEL POLICIES – REVISIONS OF CHAPTER 2

Authorized Amendment of Chapter 2 of the Personnel Policies, General Employment Practices, by the addition of a new section 2-15, Information Systems Security, a copy of which is attached to and incorporated in these Minutes as Exhibit "F," effective January 11, 2012.

17. ITEM V-B-1: PERSONNEL POLICIES REVISIONS TO CHAPTERS 11, 12 AND 14

Authorized revisions to the Personnel Policies in Chapters 11, 12 and 14, all as more particularly described in Exhibit "G," attached to and incorporated in these Minutes, effective January 11, 2012.

Ms. Elam-Floyd explained the proposed revisions were determined to be required in order to align the Personnel Policies with the open-range pay-for-performance program. Additional changes will be brought to the Board as they are determined.

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18. ITEM VI-B-2: DISCUSSION AND INFORMATION: MANAGEMENT ISSUES: HIGH LINE CANAL UPDATE

Mr. Roode explained that Denver Water had been involved in discussions with representatives of Arapahoe County, Douglas County, the City and County of Denver, and the City of Aurora, regarding possible changes in responsibilities for operation of the Canal. Mr. Sperandeo then reported on several alternative management options that have been developed by the representatives as a result of the meetings which began in the summer of 2011. A copy of the slides used in his presentation, is attached to and incorporated in these Minutes as Exhibit "H." Mr. Sperandeo explained the parties intended to engage in a six-month study process to examine operational and management alternatives. Mr. Sperandeo explained the process is complex because of the nearly 100 year history of the Canal and Denver Water's evolving responsibilities. The Commissioners commented regarding the benefits of involving leadership at the county level. Mr. Sperandeo explained that once the MOU for the planned study is in a more final form, it will be presented to the Board for its consideration.

19. ITEM VI-B-3: DISCUSSION AND INFORMATION: MANAGEMENT ISSUES: FINANCIAL PLAN PUBLIC OUTREACH

Ms. Covington outlined a proposed 2012 Financial Plan Public Outreach to provide more timely information to elected city officials, the distributors, members of the Citizens' Advisory Committee, the business community and Denver Water customers of the need for future water rate adjustments. Ms. Covington explained the proposed year-long program will better acquaint the stakeholders with Denver Water, infrastructure and water supply projects needed for the future, Denver Water's efforts to increase efficiency and the need for capital to both maintain and enlarge the Board's water system.

20. ITEM VI-B-4: DISCUSSION AND INFORMATION: MANAGEMENT ISSUES: RATE METHODOLOGY UPDATE

Mr. Cristiano provided an update regarding the development of a new rate model. Mr. Cristiano reported that, although the timeline is tight, he expects to be able to present the new model to the Commissioners in time for its

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adoption on May 1. Commissioner Tate commented of the need to involve the Citizens' Advisory Committee as a part of the process.

21. **ITEM VI-B-5: DISCUSSION AND INFORMATION: MANAGEMENT ISSUES: ORGANIZATIONAL VALUES**

Mr. Lochhead provided the Commissioners with a draft document focusing on development of organizational values, a copy of which is attached to and incorporated in these Minutes as Exhibit "I." Mr. Lochhead explained once the document is in a final form, the Strategic Plan would be amended to incorporate the Core Values.

22. **ITEM VI-B-6: DISCUSSION AND INFORMATION: MANAGEMENT ISSUES: WATER SUPPLY UPDATE**

Mr. Peters provided a short update regarding current snowpack in both the Colorado River and South Platte River watersheds. Mr. Peters noted that although the snowpack in both the Colorado River and South Platte watersheds, as of January 11 was near the 2001-2002 levels, total reservoir storage is at 89%, which is significantly higher than occurred in 2001-2002. Mr. Lochhead commented regarding the critical need for additional storage in the north end of Denver Water's system. Mr. Lochhead reported the final EIS for the Gross Enlargement Project is not expected to be released until January of 2013.

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

The Commissioners received the report, "Denver Water Monthly Investment Portfolio Report as of December 30, 2011" as set forth in Agenda Item VI-F-1 dated January 11, 2012, a copy of which is attached to and incorporated in these Minutes as Exhibit "J."

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24. **ITEM VI-F-2: DISCUSSION AND INFORMATION: DENVER BOARD OF WATER EMPLOYEE RETIREMENT PLAN TRUST FUND – MONTHLY PERFORMANCE SNAPSHOT**

The Commissioners received the report "November 2011 Performance Snapshot" for the "Employees' Retirement Plan Trust Fund," a copy of which is attached to and incorporated in these Minutes as Exhibit "K."

25. **ITEM VI-F-3: DISCUSSION AND INFORMATION: NEW CONTRACT SUMMARY**

The Commissioners received a report of contracts entered into in the Fourth Quarter of 2011 for amounts between \$10,000 and \$100,000, which report is attached to and incorporated in these Minutes as Exhibit "L."

26. **ITEM VI-F-4: DISCUSSION AND INFORMATION: ON-CALL GENERAL ENGINEERING AND CONSTRUCTION MANAGEMENT SERVICE CONTRACTS**

The Commissioners received summaries of On-Call General Engineering Design Service Contracts and Construction Management Services Contracts entered from January 2011 through December 2011, copies of which are attached to and incorporated in these Minutes as Exhibits "M" and "N."

27. **ITEM VI-F-5: DISCUSSION AND INFORMATION: BUDGET STATUS REPORT**

The Commissioners received the 2011 Year-to-Date Budget Status Summary for the period ending **December 31, 2011**, a copy of which is attached to and incorporated in these Minutes as Exhibit "O."

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

The Board confirmed a Study Session will take place on **Wednesday, January 25, 2012**, at **9:00 a.m.** in the Board Room, Room 309, 1600 W. 12th Avenue, Denver, Colorado. The topics to be discussed will be posted prior to the meeting. A portion of the meeting will take place in Executive Session.

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The Board confirmed a Regular Meeting would take place on **Wednesday, February 8, 2012**, 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 10:34 a.m.

RECONVENED EXECUTIVE SESSION

On Wednesday, January 11, 2012, commencing approximately at 10:38 a.m. in the Manager's Office, located in the Administration Building, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners reconvened the 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 Reconvened Executive Session:

1. Water Rights §24-6-402(4)(b)&(e)
2. Confidential Report § 24-6-402(4)(c)
3. Mediation § 24-6-402(4)(b)&(e)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 11:46 a.m.


Secretary


President

