

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

TRUSTEE MEETING

June 26, 2013

The Board of Water Commissioners, serving in their capacity as Trustees of the Employees' Retirement Plan Trust Fund and as Sponsor of the Supplemental Retirement Savings Plan of the Board of Water Commissioners of the City and County of Denver, met on Wednesday, June 26, 2013, commencing at 9:18 a.m., in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. The Minutes of the Trustee Meeting are maintained separately. The Trustee Meeting concluded at 9:40 a.m., at which time the Board voted unanimously to adjourn into Open Session.

OPEN SESSION

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, June 26, 2013, beginning at 9:40 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
R.J. Mahoney, Director of Engineering	C.R. Dermody, Director of Information Technology

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C. Elam-Floyd, Director of Human Resources	P.B. Coleman, Chief Internal Auditor
U. Sharma, Treasurer	M.E. Elliott, Assistant Director of Public Affairs – Government, Stakeholder Relations and Conservation
M.K. Frishman, Attorney	S.L. Chesney, Manager of Media and Executive Communications
T.L. McGuire-Collier, Assistant Director of Public Affairs – Communications and Marketing	T. Thompson, Media Relations Coordinator
T. Cristiano, Manager of Rate Administration	M. Price, Division Office Business Manager
T. Bryant, Controller	R. Steger, Manager of Raw Water Supply
D.M. Hamm, Staff Analyst	L. Weber, Planner
G. Moore, Engineering Specialist	M. Horrie, Planner
D. Chase, Administrative Assistant	K. Bates, Attorney
S. Price, Engineer	S. Miller, Manager of Health Care & Benefits Administration
M. Bolt, Engineer	B. Peters, Water Resource Engineer
A. Kennedy, Intern	D. Bennett, Environmental Scientist
R. Reidy, Internal Communications Specialist	J. Bogner, Treasury Analyst
T. Mountfort, Environmental Compliance Supervisor	S. Snyder, Executive Communications Specialist
	J. Tejral, Manager of Water Conservation
Pat Fitzgerald, Platte Canyon Water and Sanitation District	Tim Smith, Bancroft Clover
Alyssa Quinn, Platte Canyon Water and Sanitation District	Krista Kelly, Arthur J. Gallagher & Co.

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 by the Commissioners then present, unless otherwise noted, the Board acted upon the following agenda items:

1. **ITEM 3–A–1: AGREEMENT WITH CH2M HILL ENGINEERS, INC., FOR MARSTON TREATMENT PROCESS IMPROVEMENTS**

Approved Agreement 14099A with CH2M Hill Engineers, Inc., for the Marston Treatment Process Improvements Project, for a total contract amount not to exceed \$143,512.00. The Agreement is attached to and incorporated in these Minutes as Exhibit "A."

2. **ITEM 3–A–2: AGREEMENT WITH CAROLLO ENGINEERS, INC., FOR MARSTON CHEMICAL SYSTEMS UPGRADE**

Approved Agreement 15034A with Carollo Engineers, Inc., for the Marston Chemical Systems Upgrade Project, for a total contract amount not to exceed \$145,580.00. The Agreement is attached to and incorporated in these Minutes as Exhibit "B."

3. **ITEM 3–B–1: DECLARATION OF STAGE 1 DROUGHT**

Mr. Steger provided an update on Denver Water's water supply conditions. Currently, the reservoirs are slightly more full than they were at this time last year, and they continue to rise slowly. Cumulatively, the reservoirs are 92 percent full; Mr. Steger opined that storage will not increase much more. Dillon Reservoir is five feet below full, rising by about one inch per day. Mr. Steger noted that the entire state is still under a drought, and the drought in the southeast and southwest regions of the state has grown worse. Reservoir content is only one indicator of drought.

The Board previously requested projections on water supply conditions for 2014. In response, Mr. Steger explained he had reviewed hydrology from past years and opined there is a very good chance of filling Denver Water's

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collection system in 2014 if there is average runoff. He noted that even if the system does not fill completely, the reservoirs gain storage in most years, even with below-average precipitation. He also explained there is a misperception that the runoff was above average levels this year. In fact, this year's runoff was approximately 15 to 20 percent below average.

Commissioner Herzmark inquired about projections for the reservoir levels following this year's irrigation season. Mr. Steger opined the reservoirs will be at least 80 to 85 percent full at that time.

Ms. Elliott described Denver Water's customers' efforts to reduce water consumption this year. Since April 2013, they have saved 3.4 billion gallons of water, meeting the reduction goal of 20 percent. Following a lot of precipitation in April, they continued using water at winter levels through mid-May.

Ms. Elliott remarked that the combination of current high temperatures and two-day-per-week watering is putting stress on landscapes in the Denver Water service area. She explained the need to match watering restrictions with water supply conditions. The water providers to the north of Denver have removed their mandatory watering restrictions as their supply has improved. However, Aurora Water and Colorado Springs Utilities remain in a Stage 2 drought due to the poor conditions on the Arkansas River.

As a result of Denver Water's improved supply, Ms. Elliott recommended the Board declare a Stage 1 drought in place of the Stage 2 drought the Board declared on March 27, 2013. In a Stage 1 drought, 10 percent in water savings is required. All water waste rules remain in effect, with drought monitors continuing to enforce them. Customers would be able to irrigate up to three days per week on the days of their choosing. Additionally, the drought pricing on water bills that would have gone into effect July 1, 2013, would be canceled.

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Ms. Elliott also noted that Denver Water will continue its advertising campaigns and messaging to customers promoting conservation. In addition, the budget deferrals made as a result of this year's drought will remain in effect.

The Board adopted the Resolution declaring a Stage 1 drought. The Resolution is attached to and incorporated in these Minutes as Exhibit "C." The presentation by Mr. Steger and Ms. Elliott is attached to and incorporated in these Minutes as Exhibit "D."

No further business appearing, the Board adjourned the Action portion of the meeting at 10 a.m.

STUDY SESSION

The Study Session consisted of presentations on the Employer of the Future initiative and the Affordable Care Act. Ms. Elam-Floyd described a comprehensive study that will be conducted on compensation and benefits packages. The study will research the packages offered by other employers, the features that potential employees are seeking, and any adjustments that could be made to Denver Water's current programs.

With respect to the Affordable Care Act, Ms. Elam-Floyd explained the impacts Denver Water will face in 2014, including providing coverage for pre-existing conditions and prescription drugs in FDA-approved clinical trials, an increasing cost for stop loss insurance, incorporating the mandated out-of-pocket maximums, paying a transition re-insurance fee and research fee per plan member, and providing coverage for temporary employees. Staff will provide more information to the Board on the Affordable Care Act's overall impact to the budget at a future date.

The Study Session concluded at 10:48 a.m., at which time the Board voted unanimously to adjourn into Executive Session.

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EXECUTIVE SESSION

On Wednesday, June 26, 2013, commencing at 10:51 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. Litigation § 24-6-402(4)(b)
2. Attorney-Client Matters § 24-6-402(4)(b)
3. Negotiations § 24-6-402(4)(e)

There being nothing further for the Board to consider, the Executive Session concluded at 11:24 a.m.


Secretary


President