

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

JANUARY 9, 2013

EXECUTIVE SESSION

On Wednesday, January 9, 2013, pursuant to Notice the Board of Water Commissioners met in Executive Session. The meeting started at approximately 8:13 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. 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. Negotiations § 24-6-402(4)(b) and (e)
2. Attorney-Client Matters § 24-6-402(4)(b)

The Executive Session concluded at approximately 9:22 a.m.

Open Session

Following the Executive Session, the Board of Water Commissioners convened their Regular Meeting. The meeting began at 9:24 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

* Due to an unavoidable conflict, Commissioner Tate was detained. He arrived during discussion of Agenda Item V-E-1.

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

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
K. Balu, <i>Acting</i> Director of Human Resources	P. A. Carey, Manager of Purchasing and Contracting
M. L. Walker, Attorney	D. Wyman, Distribution Projects Coordinator
T. E. Lowe, Manager of Sales Administration	T. A. Bryant, Finance
T. J. Bray, Environmental Scientist	K. L. Urie, Environmental Scientist
D. M. Raitt, Construction Project Manager	
D. M. Hamm, Staff Analyst	K. E. Burkhart, Internal Communications Specialist
S. N. Niemi, Rate Analyst	E. W. Helgeson, Rate Analyst
J. S. Walker, Contracts Supervisor	E. M. Hewes, Contract Specialist
M.E. Elliott, Assistant Director of Public Affairs – Government, Stakeholder Relations and Conservation	V. L. Serna, Plan Review Coordinator
M. K. Nelson, Plan Review Coordinator	S. M. Smith, Conservation Specialist
C. L. Ward, Senior Internal Auditor	G. Fisher, Manager of Demand Planning
T. Cristiano, Manager of Rate Administration	K. J. Knoll, Manager of Stakeholder Relations
J. D. Tejral, Manager of Water Conservation	A. Alexander, Contract Specialist
D.J. Brinker, Dam Safety	Steve Ormiston, HBA Metro Denver
J.T. Martin, Dam Safety	
Bob Knueven, Industrial Chemical Corp.	Terry Arnold, MWH

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

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.

Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Annual Meeting of December 12, 2012, and the Regular Meetings of December 12 and December 19, 2012 was dispensed with and such Minutes were approved.

Public Comment

Commissioner Austin invited 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 RESOURCE CHANGES

Approved the human resource changes set forth in Agenda Item V-A-1 dated January 9, 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 **January 1, 2013**, unless otherwise noted:

RECORD OF PROCEEDINGS

**MINUTES
OF THE
BOARD OF WATER COMMISSIONERS**

Employee Name	Employment Date	Retirement Plan Participation Date <small>Unless otherwise noted^</small>	Division/Section
Guerra, Patricia N.	2012-05-29	2012-06-09 ^Exclude prior service as Temporary Status 4/6/11 to 6/8/12	Customer Relations Division Customer Care #460
Petrik, Kirk G.	2012-06-06	2012-06-06	Engineering Division Construction Project Management #271
Hickey, Adam S.	2012-06-11	2012-06-11	Operations and Maintenance Division Emergency Services #770
Cuza, Luis O.	2012-06-11	2012-06-11	Operations & Maintenance Division T&D Construction & Maintenance #710
Nieto Jr., Brian J.	2012-07-02	2012-07-02	Operations & Maintenance Division T&D Construction & Maintenance #710
Steckler, Joseph A.	2012-06-11	2012-06-11	Operations & Maintenance Division T&D Construction & Maintenance #710
Sterling, James M.	2012-06-11	2012-06-11	Operations & Maintenance Division T&D Construction & Maintenance #710
Tate, James M.	2012-06-11	2012-06-11	Operations & Maintenance Division T&D Construction & Maintenance #710
Campbell, Zeke D.	2012-06-11	2012-06-11	Operations & Maintenance Division Water Quality #230
McCarthy, Edmond W.	2102-06-18	2102-06-18	Operations & Maintenance Division Water Quality #230

RECORD OF PROCEEDINGS

**MINUTES
OF THE
BOARD OF WATER COMMISSIONERS**

Stauffer, Heather L.	2012-06-25	2012-06-25	Public Affairs Division Government & Stakeholder Relations #012
----------------------	------------	------------	---

3. ITEM V-A-3: CONTRACT EXTENSION WITH CITY AND COUNTY OF DENVER FOR RADIO SYSTEM SERVICES

Approved extension of the January 2008 Intergovernmental Agreement with the City and County of Denver, Contract No. 11594A, for 800 MHz Trunked Radio System Services through January 1, 2018, for an additional \$200,000 and a total amended contract amount not to exceed \$400,000.

4. ITEM V-A-4: CONTRACT EXTENSION WITH HI COUNTRY WIRE & TELEPHONE, LTD.

Approved extending the December 2007 Agreement with Hi Country Wire & Telephone, Ltd., Contract 11397A, to provide maintenance and support services related to the AVST system through December 31, 2013 for an additional \$37,000, and a total amended contract amount not to exceed \$113,287.

5. ITEM V-A-5: CHANGE ORDER NO. 1 WITH MAINLINING SERVICES, INC. FOR THE 2012 PIPE REHABILITATION

Approved Change Order No. 1, a credit in the amount of (\$180,251.40) to Amendment No. 2 of Contract 12729C with Mainlining Services, Inc. for the 2012 Pipe Rehabilitation Program, all as more particularly provided in Change Order No. 1, a copy of which is attached to and incorporated in these Minutes as Exhibit "B."

6. ITEM V-A-6: CONTRACT FOR THE ANTERO RESERVOIR FUEL STATION REPLACEMENT PROJECT

Authorized award of a contract to Hudspeth & Associates, Inc., for the Antero Reservoir Fuel Station Replacement Project, in the amount of \$159,498.

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

7. ITEM V-A-7: INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF NORTHGLENN FOR THE RELOCATION OF CONDUIT NO. 81

Approved entering into an Intergovernmental Agreement with the City of Northglenn to provide for the relocation of Denver Water's Conduit No. 81 at Grange Hall Creek and North Washington Street, at a cost of \$395,280, all as more particularly provided in the Intergovernmental Agreement, a copy of which is attached to and incorporated in these Minutes as Exhibit "C."

8. ITEM V-A-8: RATIFICATION OF CONSTRUCTION CONTRACT CHANGE ORDERS AND AMENDMENTS TO AGREEMENTS

Ratified Construction Contract Change Orders and Amendments to Agreements which were authorized by the CEO/Manager in November and December 2012 as follows:

Change Order No. 14 to Contract 11596A with Moltz Civil LLC for the Williams Fork Small Hydro/Outlet Works Project;

Change Order No. 5 to Contract 12582A with BT Construction, Inc., for the Dunes Reservoir Outlet Works Project;

Change Order No. 3 to Contract 12981A with RE Monks Construction Company, LLC for the Harriman Dam Renovation Project;

Change Order No. 5 to Contract 13057A with Garney Construction for the Lone Tree Reservoir Basin No. 2 Project;

Change Order No. 7 to Contract 13327A with Gracon Corporation, Inc. for Dillon Dam Outlet Works Gate Repairs;
Change Order No. 2 to Contract 13398A with T. Lowell Construction for the Conduit No. 308 and Montbello Recycled Water Distribution Mains Project;

Change Order No. 1 to Contract 13831A with JCOR Mechanical, Inc., for Recycling Plant Safety Shower Upgrades;

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Change Order No. 3 to Contract 14010A with JCOR Mechanical, Inc., for the Administration Building Boiler Replacement;

Contract Amendment No. 1 and Change Order No. 1 to Contract 14431A with Western Waterproofing, Inc. for the Kendrick Reservoir Tank Rehabilitation Project;

Contract Amendment No. 1 and Change Order No. 1 to Contract 14508A with Restruction Corporation for Williams Fork Dam Spillway and Power House Access Road Repairs;

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

Seventh Amendment to Agreement 12351A with MWH Americas, Inc., for the Howe-Haller Interconnect Structures Project;

Seventh Amendment to Agreement 12767A with Applegate Group, Inc. for the Harriman Lake Dam Final Design;

Fifth Amendment to Contract 12860A with Tumbleweed Electric for electrical engineering services;

Second Amendment to Task Order Agreement 13312D with Triunity Engineering and Management for the closeout of the 2011/2012 Vault Modifications;

Fifth Amendment to Agreement 13420A with Jacobs Engineering Group, Inc., for the Conduit 308 and Montbello Recycled Water Mains Project;

Third Amendment to Agreement 13529A with SDG, Incorporated, for the Ashland Treated Water Reservoir Replacement Project;

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

First Amendment to Agreement 13646A with Muller Engineering Company, Inc., for Dunes Reservoir Outlet Works Construction Phase Services;

First Amendment to Agreement 14073A with MWH Americas, Inc., for the Tanabe Reservoir Outlet and Interconnect Project;

First Amendment to Task Order Agreement 14345B with RG & Associates LLC for the Conduit No. 94 Repairs, Conduit 125 Repair and Conduit 72 Electrical Isolation;

First Amendment to Agreement 14574A with ASI Constructors, Inc., for diving inspection services at Cheesman Dam;

First Amendment to Agreement 13397A with Office Depot to provide office supplies,

all as more particularly described in the Attachment to Agenda Item V-A-8, dated January 9, 2013, a copy of which is attached to and incorporated in these Minutes as Exhibit "D."

9. **ITEM V-A-9: CONTRACT WITH THE DOYLE GROUP, LLC FOR IT INFRASTRUCTURE TECHNICAL SERVICES**

Approved entering into a contract with The Doyle Group to provide the services of Chris Pesko, to serve as an Infrastructure Technician through the end of 2013 or until the core position is filled by a Regular Employee, at the rate of \$90 per hour, at a cost not to exceed \$180,000.

10. **ITEM V-A-10: PURCHASE OF HP ENTERPRISE COMPUTER SERVERS**

Approved the purchase of three HP DL980 Servers and associated components from Vectronics Marketing, Inc., at a cost not to exceed \$171,240.66.

RECORD OF PROCEEDINGS

**MINUTES
OF THE
BOARD OF WATER COMMISSIONERS**

11. ITEM V-A-11: CONTRACT FOR TOILET AND SEPTIC SERVICES IN OUTLYING AREAS

Authorized award of a contract to Habcon Services, Inc., to provide septic services and routine cleaning of double and single vault toilets in outlying areas, pursuant to Schedules II, VI, VIII, X and XII of Bidder's Proposal No. 14607A for the contract period January 1, 2013 through September 30, 2015, at a cost not to exceed \$200,000.

12. ITEM V-A-12: CONTRACT FOR NETWORK CABLING SERVICES

Authorized award of a contract to American Datapath, Inc., to provide network cabling services for indoor and outdoor conduit at facilities throughout the Denver Metropolitan Area, for the contract period February 1, 2013 through January 31, 2016, at a cost not to exceed \$400,000.

13. ITEM V-A-13: DESIGNATION OF PLACES FOR POSTING NOTICES OF MEETING

Pursuant to C.R.S. § 24-6-402(2)(c), the Colorado Open Meetings Law, designated the following locations as places of posting Notices for Meetings:

- In the glass enclosed bulletin board near the main entrance to the Administration Building at 1600 W. 12th Avenue; and
- On a bulletin board near the elevators on the Fourth Floor of the City and County Building.

14. ITEM V-A-14: AUTHORIZATION OF ADDITIONAL FUNDS FOR FLOWABLE BACKFILL

Authorized Amendment to the September 1, 2011 Contract with Son-Fill, LLC, Contract 13584A, to provide flowable backfill material for use in pipe installation and repair work through August 31, 2013, for an additional \$100,000, and a total contract amount not to exceed \$200,000, all as more particularly described in the First Amendment to Contract, a copy of which is attached to and incorporated in these Minutes as Exhibit "E."

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

15. **ITEM V-E-1: AUTHORIZATION OF ADDITIONAL FUNDS FOR CAUSTIC SODA**

Authorized \$4,000,000 of additional funds to the contract with Industrial Chemical Corporation, Contract 12554A, to provide Denver Water's requirements of caustic soda through December 31, 2014, for a total amended contract amount not to exceed \$8,532,000.

Mr. Carey provided information regarding the pricing structure for caustic soda. The Board's cost for caustic soda is based upon the material cost, which can be adjusted monthly, plus overhead and profit, which can be adjusted annually. The supplier has not requested an increase for the overhead and profit component during the first three years of the contract, but the material price has tripled since the contract was bid. The Commissioners discussed whether the cost of freight, which is included as an overhead cost, should be indexed differently.

16. **ITEM V-E-2: WAIVER AND REFUND AGREEMENT WITH THE CITY OF ARVADA**

Approved execution of a Waiver and Refund Agreement with the City of Arvada, a copy of which is attached to and incorporated in these Minutes as Exhibit "F."

Ms. Wells explained that, upon Arvada's withdrawal as provided in the waiver and refund agreement, only a few smaller entities remain who were originally subscribers to the 1982 Metropolitan Water Development Agreement and the 1984 Platte and Colorado River Storage Projects Participation Agreement. Because nearly all the parties have withdrawn or entered into waiver agreements, and there has been no activity under either the Metro or the Platte Agreement since approximately 1992, a request for the Board to declare the agreements terminated will be brought to a future meeting.

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

17. **ITEM VI-B-1: DISCUSSION AND INFORMATION: PROPOSED 2013 SYSTEM DEVELOPMENT CHARGES**

Mr. Cristiano provided information regarding the proposed 2013 System Development Charges. Copies of the slides used in his presentation are attached to and incorporated in these Minutes as Exhibit "G."

Mr. Cristiano explained the System Development Charges proposed for implementation in 2013 were developed based upon rate model changes that were enacted in 2012. The charges for 2013 will be developed as a unit cost of capacity and will be uniform across all customer classes. Mr. Cristiano opined that basing the charges on a unit cost is more equitable to new customers. Based upon the uniform cost of capacity, the proposed 2013 charges for single-family lots inside the city would decrease while the charges for multi-family developments inside the city would increase.

Mr. Cristiano explained the proposed 2013 charges include an increase in the value of the Board's water rights. A 2012 water rights value valuation study resulted in an estimated value of \$15,750 per acre-foot. Mr. Cristiano proposed that equal annual adjustments of \$1375 be made for the value of SDCs in 2014 and 2015. Because the water rights are still under-valued and the costs of acquisition of water rights continue to increase, the Commissioners suggested the value of water rights be increased at a faster pace.

Mr. Cristiano explained that early notification had been sent to developers and interested parties in August 2012, that information regarding the proposed 2013 System Development charges had been presented at a December 18, 2012 Distributor's Forum, and a meeting was scheduled in the next few days with HBA representatives to discuss a number of items, including the proposed 2013 System Development Charges.

18. **ITEM VI-B-2: DISCUSSION AND INFORMATION: 2012 BUDGET RECAP**

The Agenda Item, which provides the 2012 Budget Recap, is attached to and incorporated in these Minutes as Exhibit "H."

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Mr. Fisher highlighted the differences between actual and budgeted expenditures for selected budgeted items. Mr. Fisher explained how the new budget process accounts for budgeted projects which are delayed to a subsequent year. Because of higher than expected summer revenues, the end-of-the-year cash balance was \$225,000,000 as compared with the forecasted \$170,000,000. Mr. Fisher explained the 2013 budget includes a \$16,000,000 set aside as a potential offset for lower revenues due to drought, as well as other set asides for expenditures not made in connection with agreements that were entered, or expected to be entered, in 2012.

19. **ITEM VI-B-3: DISCUSSION AND INFORMATION: GROSS RESERVOIR ENLARGEMENT**

Mr. Brinker and Mr. Martin outlined the timing of a proposed design program for the Gross Reservoir enlargement project. The program would help address ongoing permit issues and engineering construction issues. Mr. Brinker explained the San Vicente Project currently under construction by the San Diego Water Authority is very comparable with Denver Water's Gross Reservoir Enlargement Project. Issues regarding potential impacts caused by the construction project had been raised as Denver Water has moved through the permitting process. Those questions were addressed using limited engineering funds, but additional information now needs to be developed. As an example, questions regarding availability of materials and staging areas need to be addressed. Mr. Lochhead noted the need for the reservoir enlargement project had been demonstrated in 2002 and early indications are that 2013 might be a repeat of the 2002 water supply conditions. Mr. Brinker explained the Engineering budget for 2013 included \$282,000 for project related efforts but the cost could more likely be in a \$300,000 to \$600,000 range.

20. **ITEM VI-B-4: DISCUSSION AND INFORMATION: CONSERVATION YEAR-END REPORT**

Messrs. Fisher and Tejral provided a year-end report regarding Denver Water's conservation efforts and outlined the 2013 program.

RECORD OF PROCEEDINGS

MINUTES
OF THE
BOARD OF WATER COMMISSIONERS

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

The Commissioners received the report, "Denver Water Investment Portfolio as of December 31, 2012" as set forth in Agenda Item VI-F-1 dated January 9, 2013, a copy of which is attached to and incorporated in these Minutes as Exhibit "I."

22. **ITEM VI-F-2: DISCUSSION AND INFORMATION: STATUS OF CONTRACT WORK AND STATUS OF CONSULTANT SERVICES**

The Commissioners received the reports "Status of Contract Work" and "Status of Consultant Services" dated January 9, 2013, copies of which are attached to and incorporated in these Minutes as Exhibits "J" and "K."

23. **ITEM VI-F-4: DISCUSSION AND INFORMATION: NEW CONTRACT SUMMARY**

The Commissioners received the Summary of Contracts entered into the Fourth Quarter 2012 between \$20,000 and \$100,000, a copy of which is attached to and incorporated in these Minutes as Exhibit "L."

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

The Board confirmed a Study Session will take place on **Wednesday, January 23, 2013**, at **9:00 a.m.** in the Board Room, Room 309, 1600 W. 12th Avenue, Denver, Colorado. An Agenda will be posted prior to the meeting.

The Board confirmed a Regular Meeting would take place on **Wednesday, February 13, 2013**, at **9:15 a.m.** in the Board Room, Room 309, 1600 W. 12th Avenue, Denver, Colorado.

RECORD OF PROCEEDINGS

MINUTES
OF THE
BOARD OF WATER COMMISSIONERS

No further business appearing, the Board voted unanimously to adjourn the meeting at approximately 11:00 a.m.


Secretary


President