

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Open Session

JULY 13, 2011

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, July 13, 2011 beginning at 9:33 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
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	G. Fisher, <i>Acting</i> 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
G. T. Malmberg, Sales Administrator	T. L. McGuire-Collier, Manager of Community and Media Relations
M. L. Walker, Attorney	K. K. Riegler, Attorney
M. Bond, Community Affairs Specialist	G. Rygh, Superintendent of Water Control
P. Coleman, Manager of Internal Auditing	J.A. Gaborek, Engineer

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

K.M. Balu, Contract Development Specialist	T. Hassman, Manager of Purchasing
D.M. Raitt, Construction Project Manager	M. Leister, Chief of Construction Management
M. Hoddinott, Manager of Treated Water Planning	J.D. Archer, Engineer
S. Chesney, Community Relations Specialist	D. Hamm, Staff Analyst
A. Strasser, Hydraulic Engineer	J.A. Figurelli, Budget Analyst
S. Miller, Manager of Health Care Administration	R. Stitt, Planner
N. F. Sperandeo, Recreation Manager	D.J. Arnold, Attorney
M.K. Frishman, Attorney	M.L. Yarbrough, Law Clerk
C.S. Funk, Attorney	L. Billeter, Staff Analyst
L.R. Peck, Public Affairs	L. M. George, Public Affairs
Mel Rittig, Citizens' Advisory Committee	Bruce Rau, Oakwood Homes
Shaun LaBonde, Black & Veatch	Tom Anton, Suncor
Kim Kucera, CRL Associates	Michael Korenblat, Suncor
Jon Diebel, CH2MHill	

Commissioner Lucero called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, Commissioner Austin 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 Regular Meeting of June 8, 2011 was dispensed with and such Minutes were approved.

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Session of June 8, 2011 were approved.

Public Comment

Commissioner Lucero invited members of the public to comment to the Board regarding matters not included in the Agenda. 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 July 13, 2011, a copy of which is attached to and incorporated in these Minutes as Exhibit "A," effective the pay period ending **June 24, 2011**, unless otherwise noted.

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

The following employee was classified as a regular employee of the Board, with all rights and privileges thereof, effective **July 1, 2011**, unless otherwise noted:

Employee Name	Employment Date	Retirement Plan Participation Date <small>Unless otherwise noted^</small>	Division/Section
Julie Landis	12/27/2010	12/27/2010	Treasury Operations, #110

RECORD OF PROCEEDINGS

MINUTES
OF THE
BOARD OF WATER COMMISSIONERS

3. **ITEM V-A-3: REVISIONS TO PERSONNEL POLICIES**

Approved changes to Chapter 14, Section 14-17-(4) of the Personnel Policies, effective July 13, 2011, which changes are necessary to comply with provisions of the Uniformed Services Employment and Reemployment Rights Act, and which are more particularly described in legislative fashion on Exhibit "B" attached to and incorporated in these Minutes.

4. **ITEM V-A-4: AGREEMENT WITH CITY AND COUNTY OF DENVER FOR WATER SERVICE AT CHERRY CREEK PARK**

Approved an Agreement with the City and County of Denver, by and through its Department of Parks, relative to provision of nonpotable water to the Cherry Creek Park, all as more particularly described in the Agreement, a copy of which is attached to and incorporated in these Minutes as Exhibit "C."

5. **ITEM V-A-5: CONTRACTS SCHEDULED TO RENEW AND/OR REQUIRE ADDITIONAL FUNDING IN THE 3RD QUARTER OF 2011**

Approved renewal and/or additional funding as necessary for the following contracts which are scheduled to expire in the Third Quarter 2011:

Contract with iET Solutions to provide ITSM Software through December 31, 2011, at an additional cost of \$10,000; and

Contract with Microsoft Services for development software support through July 7, 2012, at an additional cost of \$40,000,

all as more particularly described in the attachment to Agenda Item V-A-5, dated July 13, 2011, a copy of which is attached to and incorporated in these Minutes as Exhibit "D."

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

6. **ITEM V-A-6: ANNUAL CONTRACT FOR PROPANE**

Approved award of a contract to Ferrellgas to furnish Denver Water's requirements of propane necessary for heating purposes at 12 outlying facilities for the contract period July 1, 2011 through June 30, 2012, with provisions for monthly price adjustments based upon the Conoco-Denver Wholesale Propane cost, for a total contract amount not to exceed \$135,000.

7. **ITEM V-A-7: ANNUAL CONTRACTS FOR HYDROVAC SERVICES**

Authorized award of contracts to RNR Enterprises, Inc., to provide hydro-excavating services as described in Schedule I of Bidders' Proposal No. 13432A, at a cost not to exceed \$100,000, and to Airvac Services, Inc., to provide services as described in Schedule II of Bidders' Proposal No. 13432A, at a cost not to exceed \$45,000, which contracts will extend from August 1, 2011 through July 31, 2013.

8. **ITEM V-A-8: AUTHORIZATION OF ADDITIONAL FUNDING FOR HYDRO-EXCAVATING AND HYDRO-JETTING**

Authorized expenditure of an additional \$30,000 to the June 4, 2009 contract with RNR Enterprises, Inc., Contract No. 12312A, to provide hydro-excavating, hydro-jetting and pumping services for a total amended contract amount not to exceed \$130,000, and extension of the contract completion date to July 31, 2011.

9. **ITEM V-A-9: FRASER RIVER SETTLING BASIN IMPROVEMENTS**

At the request of staff, this matter was withdrawn from the Agenda.

10. **ITEM V-A-10: CONTRACT FOR ROOF REPLACEMENT FOR CHERRY HILLS PUMP STATION AND HILLCREST PUMP STATION**

Authorized award of a contract to United Materials LLC for roof replacements at the Cherry Hills Pump Station and the Hillcrest Pump Station, at a cost not to exceed \$121,656.

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

11. **ITEM V-A-11: LEASE AGREEMENT FOR THE 4 EAGLE RANCH**

Approved entering into a Lease Agreement with the 4 Eagle Foundation for lease of the Board's 4 Eagle Ranch property for a 15 year period, effective August 1, 2011, at an annual base rental amount of \$65,000 with provision for annual increases, all as more particularly described in the Lease Agreement, a copy of which is attached to and incorporated in these Minutes as Exhibit "E."

12. **ITEM V-A-12: PURCHASE OF IBM COGNOS & TM1 SOFTWARE LICENSING AND SUPPORT**

Approved purchase of the following COGNOS and TM1 Software licenses and support from IBM:

- (1) COGNOS BI Administrator;
- (7) COGNOS BI Professional Authors; and
- (7) TM1 Modelers,

at a total cost to the Board not to exceed \$107,928.

13. **ITEM V-A-13: RATIFICATION OF ADOPTION OF THE REVISED FLEXIBLE COMPENSATION PLAN**

Ratified the actions taken by the CEO/Manager to authorize and adopt the Amended and Restated Flexible Compensation Plan, effective January 1, 2011, which plan qualifies as a "cafeteria plan" within the meaning of Section 125 of the Internal Revenue Code.

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

14. **ITEM V-A-14: RATIFICATION OF CONSTRUCTION CONTRACT CHANGE ORDERS AND AMENDMENTS TO AGREEMENTS**

Ratified Construction Contract Change Orders and Amendments to Agreements authorized in May and June 2011 by the CEO/Manager as follows:

Change Order No. 5 to the contract with Moltz Civil LLC, for the Williams Fork Small Hydro Outlet Works Project, Contract 11596A;

Change Orders No. 2 and 3 to the contract with BT Construction, Inc., for the South Boulder Diversion Conduit Siphon 5 Replacement, Contract 12815A;

Change Order No. 2 to the contract with Sturgeon Electric for the Lone Tree and Highlands Pump Station Diesel Generators, Contract 12961A;

Change Order No. 1 to the contract with Reynolds, Inc. to furnish and install Conduit No. 302, a 36-inch recycled water pipeline from East 33rd Avenue and Boston Street to East 47th Avenue and Peoria Street, Contract 12965A;

Change Order No. 4 to the contract with Gilbert Contracting, Inc., for the East Cherry Hills Water District Total Conversion Project, Contract 13073A;

Change Order No. 3 to the contract with Reynolds, Inc., to furnish and install Conduit No. 302, a 30-inch diameter recycled water pipeline from East 56th Avenue and Peoria Street to East 56th Avenue and Chambers Road, Contract 13079A;

Change Order No. 2 to the contract with Eckstine Electric Company for the South Boulder Diversion Canal Communications Raceway Construction, Contract 13115A;

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Fifth Amendment to Task Order Agreement 11127G with Lintjer + Haywood Architects, P.C. for design services for Denver Water Standard Specifications;

Sixth Amendment to Agreement 11688A with Muller Engineering Company, Inc., for Dunes Reservoir Outlet Facilities Design Services;

Fourth Amendment to Agreement 12775A with Merrick & Company for the Denver Federal Center Utilities Infrastructure Project;

Second Amendment to Agreement 13028A with Carollo Engineers for the Marston Headworks Improvements Project;

First Amendment to Agreement 13513A with Val-Matic to provide butterfly valves;

Amendment to July 6, 2011 Agreement with Sempera Professional Services, LLC, for the Mobile Customer Service Service Field and Denver Water Application Re-provisioning projects, Contract 13019A; and

Third Amendment to Contract 11299A with EDP Recruiting Services, Inc., for ongoing support for the Board's CIS Project,

all as more particularly described in the attachment to Agenda Item V-A-14, dated July 13, 2011, a copy of which is attached to and incorporated in these Minutes as Exhibit "F."

15. **ITEM V-A-15: AGREEMENT WITH BLACK & VEATCH FOR PRESSURE ZONE AND OPERATIONS STUDY**

Authorized entering into an agreement with Black & Veatch Corporation to evaluate and improve the configuration and operation of individual pressure zones within Denver Water's treated water system, as well as review interactions between such zones and for a peer review of the project, with a completion date of May 28, 2012, at a total cost to the Board not to exceed

RECORD OF PROCEEDINGS

**MINUTES
OF THE
BOARD OF WATER COMMISSIONERS**

\$259,500, all as more particularly described in the Agreement for Services, a copy of which is attached to and incorporated in these Minutes as Exhibit "G."

16. **ITEM V-A-16: AGREEMENT WITH IDMODELING FOR PIPE VULNERABILITY ANALYSIS**

In conjunction with authorization of an Agreement with Black and Veatch Corporation to evaluate and improve the configuration and operation of individual pressure zones, approved entering into an agreement with IDMODELING to use modeling software to systematically review Denver Water's treated water system for system impacts due to pipe outages at a cost not to exceed \$50,000 all is more particularly described in the Agreement, a copy of which is attached to and incorporated in these Minutes as Exhibit "H."

17. **ITEM V-B-1: RESOLUTION RENAMING THE MONTCLAIR PUMP STATION**

In recognition of his contributions to the Board, the residents of the City and County of Denver and communities served by Denver Water, as well as the people of the State of Colorado, adopted a Resolution, a copy of which is attached to and incorporated in these Minutes as Exhibit "I," renaming the Montclair Pump Station to honor Hamlet J. "Chips" Barry, III, former manager of Denver Water.

Mr. Lochhead noted a rededication ceremony would be held Friday August 12th at 8:00 a.m. at the site. Current and former Board members, as well as family members, friends and employees will be invited to the ceremony.

18. **ITEM V-B-2: RESOLUTION TO APPROPRIATE OR CHANGE WATER RIGHTS NECESSARY TO IMPLEMENT PROVISIONS OF THE PROPOSED COLORADO RIVER COOPERATIVE AGREEMENT**

Approved a Resolution, a copy of which is attached to and incorporated in these Minutes as Exhibit "J" regarding adjudication of water rights necessary for implementation of the proposed Colorado River Cooperative Agreement.

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Mr. Lochhead and Ms. Wells commented regarding recent actions taken by the Colorado Water Conservation Board to appropriate in-stream flows in the Colorado River. The intent is that such in-stream flows be subordinate to the water rights and changes of water rights necessary for implementation of the proposed Colorado River Cooperative Agreement.

19. **ITEM V-C-1: APPROVAL OF INTERGOVERNMENTAL AGREEMENT WITH THE OLD DILLON RESERVOIR WATER AUTHORITY**

Subject to resolution of outstanding water cases involving the use of Old Dillon Reservoir, approved entering into an Intergovernmental Agreement with the Old Dillon Reservoir Water Authority, whose members are Summit County, the Town of Dillon and the Town of Silverthorne, regarding coordinated operations between the enlarged Old Dillon Reservoir and Denver Water's Dillon Reservoir, a copy of which IGA is attached to and incorporated in these Minutes as Exhibit "K."

Mr. Funk explained the Authority plans to expand the capacity of Old Dillon Reservoir from approximately 50 acre-feet to 250 acre-feet of water, and releases of water from the enlarged Reservoir will be made into Denver's Dillon Reservoir. The agreement addresses both operational issues and pending water court applications. Mr. Funk explained that all the pending water court applications should be resolved prior to the Board approving the Intergovernmental Agreement which establishes coordinated operations between the two reservoirs. The commissioners noted the IGA was addressed in the pending Colorado River Cooperative Agreement.

20. **ITEM V-C-2: NEW WATER SERVICE CONTRACT FOR SUNCOR ENERGY (USA) INC., AND TERMINATION OF DISTRIBUTORS CONTRACT NO. 217**

Subject to the South Adams County Water & Sanitation District's approval to exclude the Suncor Energy (USA) Inc. property from its contract service area, Master Meter-Distributor Contract No. 184, approved entering into an Agreement for dissolution of the June 9, 1996 Distributor's Contract No. 217 with Conoco, and replacement of such contract with a new form "Potable Water Lease Agreement" with Suncor Energy (USA), Inc., a copy of which is attached to and incorporated in these Minutes as Exhibit "L."

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Ms. Riegler introduced Tom Anton and Michael Korenblat of Suncor and Jon Diebel, CH2M HILL. Ms. Riegler outlined the terms of the proposed agreement, and provided an aerial photo, a copy of which is attached to and incorporated in these Minutes as Exhibit "M," which depicts the former and proposed service areas for the agreement. Ms. Riegler explained the new service area combines operations of two separate refineries, and the new contract will permit Suncor to construct facilities which provide looping to enhance reliability and fire protection. Ms. Riegler also noted the contract establishes a method for payment for system development charges based upon consumption and requires delivery of recycled water should the contract service area expand beyond the combined service area. The new form of agreement is a fixed-amount contract rather than a distributor-type contract.

In response to questions from the Commissioners regarding the use of recycled water at the Suncor facility, Mr. Anton explained the concern has been directed to quality issues. Once improvements to the treated water system have been made, Suncor intends to revisit the potential use of recycled water to meet some of its needs.

21. ITEM V-E-1: 2012 CIGNA STOP LOSS RENEWAL

Approved continuation through 2012 of the Stop Loss Insurance policy with CIGNA with a limit of \$200,000 per individual at an estimated cost of \$1.45 million.

During discussion of continuation of the CIGNA Stop Loss Insurance coverage, Commissioner Tate asked that Staff seek proposals from qualified insurance companies to provide coverage to Denver Water beginning January 1, 2013.

22. ITEM V-E-2: FIRST AMENDMENT TO CONTRACT WITH BUIRGY CONSULTING, INC.

Authorized extension of the consulting contract with Buirgy Consulting, Inc., to provide youth education consulting services to ongoing projects with Denver Water, as well as the development of a new program within suburban distributor school districts through July 31, 2012, at an additional cost of \$124,000, and a total amended compensation amount not to exceed

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

\$225,500, 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 "N."

Mr. Bond provided an update to the Commissioners regarding the youth education program which began in 2008. The success of the ongoing work with Denver Public Schools and the Keystone Science School has resulted in development of a new program to be offered in conjunction with the Emily Griffith Technical College which will develop a curriculum to prepare applicants for the technical jobs in the water industry.

In response to questions from the Commissioners, Mr. Bond explained the program has a three-fold objective:

Who is Denver Water and what do we do;

The importance of water in Colorado; and

The importance of developing a conservation ethic for water use.

23. **ITEM V-E-3: CHANGE ORDER NO. 2 WITH SEVENSON ENVIRONMENTAL SERVICES, INC. TO PROVIDE DREDGING SERVICES FOR REMOVAL OF SEDIMENT IN STRONTIA SPRINGS RESERVOIR**

Approved Change Order No. 2 to the April 14, 2010 contract with Severson Environmental Services, Inc., authorizing reimbursement of the contractor's actual fuel expense above the baseline price for invoiced off-road diesel fuel expenses up to a maximum adjustment for 1,083,797 gallons, at a cost to the Board of \$704,468.05, for a total amended contract amount of \$29,783,691.15, all as more particularly described in the Change Order which is attached as Exhibit "O."

Mr. Raitt, Construction Manager for the project, outlined the provisions of the contract which provide the basis for the Change Order. Mr. Raitt provided an update regarding the project. The contractor is currently working on a 24/7 basis in an attempt to recover down time experienced earlier in the spring.

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

In response to questions from the Commissioners, Mr. Raitt opined that weather conditions would preclude the contractor continuing to work into the winter period, and at the current rate of removal, the project will not be concluded before the 2011/2012 winter period commences.

24. **ITEM VI-A-1: DISCUSSION AND INFORMATION: AMENDMENT TO OPERATING RULE 2.05.4 STUB-IN BAILOUT**

Mr. Malmberg provided information to the Commissioners regarding the stub-in bailout program which was authorized by the Board on February 11, 2009. As a part of his presentation, Mr. Malmberg provided the Commissioners with a typical service line installation diagram, a timeline for tap activation and two graphs indicating stub-ins purchased each year since 1995 and the number of taps activated in the same time period.

During Board's consideration of the proposed extension, Mr. Bruce Rah of Oakwood Homes commented regarding the continued slowdown in new home construction. Mr. Rah noted the bailout program had provided needed flexibility to the homebuilders and requested that it be continued while the builders modified their programs to adjust to the new market conditions.

Mr. Malmberg explained he would be meeting with members of the homebuilding community and other necessary stakeholders to develop a proposed extension for the Board's consideration. The Commissioners asked that a recommendation be brought to Board for further discussion the second meeting in August.

25. **ITEM VI-B-1: DISCUSSION AND INFORMATION: 2011 GENERAL ENGINEERING AND CONSTRUCTION MANAGEMENT ("ON-CALL") SERVICES CONTRACTS**

The Commissioners received a report of On-Call Design Services and Construction Management Contracts for the period January 1 through June 30, 2011, a copy of which is attached to and incorporated in these Minutes as Exhibit "P." The report is broken into two subparts: Exhibit 1 of such report being a list of firms performing general engineering design services for described projects and Exhibit 2 a list of firms with projects providing for construction management services for described projects.

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

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

The Commissioners received the report, "Denver Water Investment Portfolio as of June 30, 2011" as set forth in Agenda Item VI-F-1 dated July 13, 2011, a copy of which is attached to and incorporated in these Minutes as Exhibit "Q."

27. **ITEM VI-F-2: DISCUSSION AND INFORMATION: STATUS OF CONTRACT WORK**

The Commissioners received the reports "Status of Contract Work and Status of Consultant Services as of June 30, 2011, which reports were attached to Agenda Item VI-F-2 dated July 13, 2011, copies of which are attached to and incorporated in these Minutes as Exhibit "R."

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

The Commissioners received the 2011 Year-to-Date Budget Status Summary for the period ending June 30, 2011, a copy of which is attached to and incorporated in these Minutes as Exhibit "S."

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

The Board confirmed a Study Session will take place on **Wednesday, July 27, 2011, 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. An Agenda will be posted prior to the meeting.

The Board will meet with representatives of entities who are participants in the proposed Colorado River Cooperative Agreement, Wednesday, July 27, 2011 at 2:00 p.m. at the Summit County Community & Senior Center, Frisco, Colorado.

The Board confirmed that the first regular meeting in August would take place on **Wednesday, August 10, 2011, 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

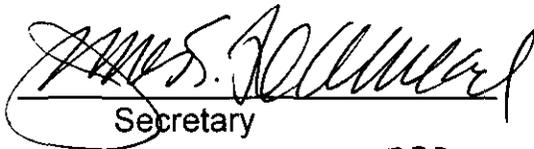
No further business appearing, the Board voted unanimously to adjourn into a Trustee Meeting at approximately 11:24 a.m. Following the Trustee Meeting, the Board voted to adjourn into Executive Session.

EXECUTIVE SESSION

On Wednesday, July 13, 2011, commencing approximately at 11:33 a.m. in the Manager's Office, 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. Water Rights Discussion § 24-6-402(4)(b)
2. Personnel Matters § 24-6-402(4)(f)(I)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 12:02 p.m.


Secretary


President

