

# RECORD OF PROCEEDINGS

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## MINUTES OF THE BOARD OF WATER COMMISSIONERS

**Open Session**

**September 22, 2010**

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, September 22, 2010 beginning at 9:30 a.m. in the Board Room, Room 309, 1600 West 12<sup>th</sup> Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

**John R. Lucero, First Vice President**  
**Thomas A. Gougeon, Vice President**  
**Paula Herzmark, Vice President**  
**H. Gregory Austin, 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. L. Bassett, Director of Public Affairs	B. D. Good, Director of Operations & Maintenance
R. J. Mahoney, Director of Engineering	C. R. Dermody, Director of Information Technology
C. Elam-Floyd, Director of Human Resources	A. Holmquist, Recycled Water Program Manager
A. T. Spaulding, Manager of Purchasing	S. Miller, Manager of Health Care Administration
T. Cristiano, Manager of Rate Administration	T. L. McGuire-Collier, Manager of Community and Media Relations
G. Wilcox, Manager of Budgeting	G. T. Malmberg, Sales Administrator
S. Niemi, Rate Analyst	G. Fisher, Manager of Demand Planning
T. Segura, Budget Analyst	L. Weber, Planner
U. Sharma, Treasurer	M. Price, Planner
J. Ross, Engineer	G. Brockett, Human Resources

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J. Light, Engineer	D. Engleman, Senior Benefits Administrator
J. Bowers, Construction Project Inspector	B. Haggerty, Human Resources
N. Streno, Assistant Superintendent of Transmission & Distribution	A. Montez, Human Resources
S. Pegues, Distribution Supervisor	K. Balu, Human Resources
T. Graybeal, Distribution Supervisor	S. Holman, Human Resources
L. Billeter, Staff Analyst	L. Paule, Human Resources
D. Hamm, Staff Analyst	S. Chesney, Community Affairs
C. Piper, Intergovernmental Affairs Coordinator	M. Bond Community Relations
	M. Peden, Warehouse
Liz Leif, Leif Associates	Susan Heinzeroth, Sage River Consulting
Kris Jones, Leif Associates	Krista, Bjork, Sage River Consulting
Kevin Bergschneider, American Water Works Association	Sean Waters, Cook Street Consulting
	Scott Morse, Southwest Metro

Commissioner Lucero called the meeting to order.

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

#### **PUBLIC COMMENT**

Commissioner Lucero invited members of the public to comment to the Board on matters not included in the Agenda for the meeting. There was no response.

#### **CEREMONIES**

Melissa Elliott presented the Commissioners with Denver Water's first place award from the AWWA Rocky Mountain Section's annual taste test at Keystone, Colorado. Denver Water will represent the Rocky Mountain section at the national competition in Washington, D.C., in June 2011.

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Brian Good presented the Commissioners with Denver Water's second place award in the AWWA Rocky Mountain Section's annual tapping competition in Keystone, Colorado, and introduced the team members in attendance.

Kevin Bergschneider, Chair of the Rocky Mountain Section of the AWWA, presented the 2010 Volunteer Excellence Award to Abigail Holmquist.

Commissioner Lucero thanked Denver Water for contributing its water truck and support for an annual Denver neighborhood event.

#### **STUDY SESSION 2011 FINANCIAL PLAN**

Ms. Bricmont presented the options for the 2011 Financial Plan. She described three impacts on the financial plan, including revenue deficit, system reinvestment, and new initiatives. She also described the 2011 operating and capital drivers.

Ms. Bricmont explained Denver Water's targeted cost reductions, explaining that \$10.5 million had already been cut from the preliminary 2011 budget. The targeted cost reductions for capital expenses included cuts for raw water, security, equipment, and information technology. The operating cost reductions included services/materials/supplies, holding additional positions vacant with a 5% vacancy rate, reducing the budget for the tap cut-off program, holding the training/conferences budget to the 2009 level, cutting the budget for temporary agencies, extending the project end date for the ERT replacement program, balancing or rescheduling the workload for facility electrical analyses and paving, and reducing the conservation budget. Ms. Bricmont then described the impact on the proposed financial plan of major capital projects.

Ms. Bricmont presented three scenarios for the Board to consider for its 2011 financial plan including keeping 2011 expenditures equal to revenues, transitioned revenue adjustments, and smoothed revenue adjustments. She described the cumulative impacts of each scenario. The Commissioners and Staff discussed the various scenarios and the potential impacts of raising rates on Denver customers.

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Ms. Bricmont explained a presentation of proposed 2011 rates will take place at the Commissioners' October 13, 2010, meeting. The draft budget will be presented in a workshop scheduled for October 27, 2010. The Commissioners will be asked to adopt the 2011 budget and 2011 rates at the November 17, 2010 meeting.

The Study Session concluded at approximately 10:25 a.m.; the Commissioners then took up the Action Agenda.

#### **ACTION ITEMS**

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 2-B-1: 2011 BENEFIT PLANS**

Approved the recommended 2011 employee benefit plans, as more specifically described in Agenda Item 2-B-1, dated September 22, 2010, a copy of which is attached to and incorporated in these Minutes as Exhibit "A."

Ms. Elam-Floyd explained the recommended medical plan significantly changed the current plan. The proposed medical plan would increase deductibles, copayments, and out-of-pocket maximums for employees, retirees, and COBRA participants in both the high- and low-premium plans. Ms. Elam-Floyd also described the addition of a basic-plan option. Ms. Elam-Floyd explained no changes were suggested to either the Delta Dental or Superior Vision plans.

Contracts with Lincoln Financial Group to provide coverage for life insurance, accidental death and dismemberment insurance, short-term disability, and long-term disability, as well as the Advice-to-Pay administrative services for the former self-funded long-term disability program were approved in October 2009. Annual premium costs for 2011 for Life/AD&D and LTD are approximately \$252,000 and \$410,000 respectively. PayFlex will continue to provide administrative services for FSA, COBRA, and retiree billing at the current fee levels of approximately \$30,000.

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2. **ITEM 2-B-2: ANNUAL WAGE AND SALARY SURVEY RESULTS**

The Commissioners tabled consideration of adjustments to salary structures for 2011 to the October 13, 2010 meeting.

The Commissioners requested that Staff provide additional information regarding Denver Metro area salaries.

3. **ITEM 2-B-3: CONTRACT FOR 2010-2011 VAULT MODIFICATION PROGRAM**

Approved award of Contract 12916A to T. Lowell Construction, Inc., for the 2010-2011 vault modifications project in the amount of \$1,635,000.00, plus \$47,243.34 for pipe procurement and additional design labor.

Mr. Mahoney noted a portion of the work is for the RTD East Corridor Commuter Rail and UPRR Freight Track Relocations Project, and the program needed to coincide with the outage schedules for 2010 and 2011. Construction is scheduled to begin October 18, 2010.

4. **ITEM 2-B-4: AWARD OF CONTRACT FOR LONE TREE RESERVOIR BASIN NO. 2, PHASE I, PIPE INSTALLATION**

Approved award of Contract 13224A to Lillard & Clark Construction Company for the Lone Tree Reservoir Basin No. 2, Phase I, Pipe Installation in the amount of \$329,908.00.

5. **ITEM 2-B-5: SELECTION OF RECORD KEEPER FOR 401(K) AND 457 PLANS**

Approved selection of Great-West Retirement Services as the record keeper for the 401(k) and 457 plans for a 5-year period effective January 1, 2011 and authorized the CEO/Manager to enter into agreements necessary to transition the record-keeping responsibilities from VALIC to Great-West.

Sean Waters of Cook Street Consulting, investment advisor and co-fiduciary to the Board for the Defined Contribution Plans, outlined the process the Retirement

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Program Committee and Cook Street had undertaken to select a record-keeper for the plans. Mr. Waters explained the participants pay the fees of the record-keeper, and the fees were therefore an important component of the criteria that was considered. A report describing the search process had previously been provided to the Commissioners. Mr. Waters provided the Commissioners with a comparison of record-keeping fees of each of the four finalists, a copy of which is attached to and incorporated in these Minutes as Exhibit "B", and explained the change of fee structure from the current contract with VALIC.

No further business appearing, the Board adjourned into Executive Session at approximately 10:45 a.m.

Upon motion regularly made, seconded and unanimously carried by the Commissioners then present, the Board adjourned into Executive Session.

#### **Executive Session**

On Wednesday, September 22, 2010, commencing at approximately 10:45 a.m. in the Board Room, Room 309, 1600 West 12<sup>th</sup> Avenue, Denver, Colorado, the Board of Water Commissioners met in Executive Session. The following matter which is authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34 was discussed during the Executive Session:

1. Property Matters §24-6-402(4)(a)
2. Mediation § 24-6-402(4)(a)(b)&(e)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 11:55 a.m.

  
Secretary

  
President