

AGENDA

Denver Board of Water Commissioners

Denver Water Administration Building
1600 West 12th Avenue
Denver, CO
Board Room, Third Floor

Wednesday, January 23, 2019 9:00 a.m.

I. INTRODUCTORY BUSINESS

A. Call to Order and Determination of Quorum

B. Public Comment and Communications

At this point in the agenda, the Board may allow members of the public to address the Board on any item of interest within the jurisdiction of the Board, and not on the agenda for action. Speakers wishing to address a specific Action Item will be invited to address the Board when the item is being considered. Three minutes are allowed for each person unless the President determines otherwise.

1. Distributor Communications
2. Citizen Advisory Committee Communications

C. Ceremonies, Awards and Introductions

D. Legislative Update

II. ACTION ITEMS

A. Consent Items

Items listed below are considered routine and may be enacted by one motion and vote. If any Board member desires discussion beyond explanatory questions, or corrections to the Minutes, the President may order that item to be considered in a separate motion and vote.

1. Second Amendment to Response and Implementation of Lead and Copper Rule (LCR) - Contract 503382
2. First Amendment to Staffing Services Agreement – Contract 501062-501068
3. IBM Maximo Software Licensing through Total Resource Management, Inc. - Contract 10265
4. Recommendation for Settlement: 2640 S Garfield Way, Denver, CO 80210

Denver Water aspires to be the best water utility in the nation.

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B. Individual Approval Items

- | | | |
|--|---------------|-------|
| 1. First Amendment to Contract with ADP for Human Capital Management (HCM) Services and Software – Contract 503248 | Chris Dermody | 5 min |
| 2. Adoption of Updated Denver Water Brand Drivers | Kathie Dudas | 5 min |
| 3. Inter-Governmental Agreement with the City of Greenwood Village and Urban Drainage and Flood Control District authorizing Stormwater into the High Line Canal - Contract 503774 | Tom Roode | 5 min |

III. POLICY MATTERS

- | | | |
|--------------------------------------|----------------|--------|
| A. OCR Update | Jeremy Ross | 10 min |
| B. Northwater Treatment Plant Update | Pete McCormick | 20 min |
| C. Water Supply Update | Nathan Elder | 10 min |

IV. EXECUTIVE UPDATE

- A. CEO Update
- B. CFO Update
- C. Operations Update

V. BRIEFING PAPERS & REPORTS

- A. Briefing Paper
 - 1. Legislative Update
 - 2. Integrated Marketing Plan Update
 - 3. Cafeteria Services Pre-RFP Policy Questions

B. Report

VI. ADJOURNMENT

VII. TRUSTEE MATTERS

VIII. EXECUTIVE SESSION

The Board may adjourn the regular meeting and reconvene in executive session on topics authorized by D.R.M.C Sec. 2-34.

A. Confidential Report

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: January 23, 2019

Board Item: II-A-1

Second Amendment to Response and Implementation of Lead and Copper Rule (LCR) Contract 503382

Action by Consent

Individual Action

Purpose and Background:

On March 20, 2018, the Colorado Department of Public Health and Environment (CDPHE) issued a designation that required Denver Water to use orthophosphate (tested at 3 mg/L) for Optimized Corrosion Control Treatment (OCCT) to reduce lead concentrations at customers' taps. Prior to the designation, Denver Water requested the use of pH/alkalinity for OCCT because it significantly reduced lead concentrations without contributing phosphorus to the watershed. As a result of CDPHE's designation, Denver Water entered into a \$75,000 contract with Corona Environmental to study and analyze alternative approaches for OCCT and to support discussions with CDPHE. In July of 2018, using recommendations from Corona, Denver Water entered into a Memorandum of Understanding (MOU) with CDPHE to study alternate solutions to the 3 mg/L orthophosphate OCCT.

Over the course of 2018 the scope was expanded to include participation in technical workgroup meetings, the development of a population-weighted exposure model, the analysis of additional pilot water quality data and making recommended changes to the pilot studies. After a first amendment, the total cost of the contract amounted to \$250,000.

Corona's scope of work includes: (1) identifying the contribution of lead from lead service lines, (2) the development of an equivalently effective alternate solution using pH/alkalinity corrosion control and accelerated lead service line replacement, (3) providing scientific analyses to support a lower effective orthophosphate dose (2 mg/L), and (4) development of dosing strategies to minimize lead releases.

Further studies are needed and the stay of litigation, per the MOU, has been extended to September 20th, 2019. Corona's expertise in scientific studies, water chemistry and the regulatory environment is needed to continue the good work being accomplished through these extended studies.

Budget and Schedule:

The requested amendment of \$461,630 will increase the total amount of this contract to \$711,630 with the term of the contract May 7, 2018 to September 30, 2019. Funds in the amount of \$165,000 for this amendment will come from the 2019 budget for Water Quality & Treatment. A budget variance for the remaining \$296,630 will be noted within O&M's 2019 budget.

Selection of Business Partner:

Due to the expedited nature of this effort, Denver Water staff contacted firms with strong water chemistry and piloting study expertise: Corona Environmental Consulting, LLC, Carollo Engineers, and CH2M Hill/Jacobs and determined that Corona provided this expertise plus extensive experience in studying and negotiating complex regulatory issues. An initial contract amount of \$75,000 was issued to Corona to assist with MOU negotiations and additional studies.

S/MWBE Information:

Corona Environmental Consulting, LLC is neither a SBE nor a certified MWBE. This contract does not meet the criteria of either the O&M Construction Related or the Covered Goods & Services MWBE programs where overall annual participation targets are set.

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Recommendation:

It is recommended that the Board approve the Second Amendment to Contract 503382 with Corona Environmental Consulting, LLC for response and implementation of the Lead and Copper Rule (LCR) for an extension of the contract period through September 30, 2019 and for an addition of \$461,630 for a total amended contract amount not to exceed \$711,630.

Approvals:

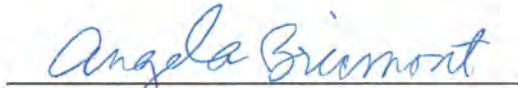


Thomas J. Ropde
Chief Operations Maintenance Officer

Respectfully submitted,



for James S. Lochhead
CEO/Manager



Angela Bricmont
Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: January 23, 2019

Board Item: II-A-2

First Amendment to Staffing Services Agreement Contract 501062-501068

Action by Consent

Individual Action

Purpose and Background:

To efficiently operate, Denver Water requires temporary staffing services to augment our regular personnel. These positions are required due to the seasonal nature of the work or for projects that do not support hiring a full-time employee. For example, temporary staffing agencies will provide Utility Technicians for seasonal increases in workload and will be used for the Water Quality Operations System Development Pilot Project. The expanded use of staffing agencies is key to Denver Water's staffing strategy and helps us comply with requirements under the Affordable Health Care Act as the agencies are required to provide health care and assume workers compensation liability. Many of these seasonal workers will exceed the 30 hours per week or 130 hours per month under the ACA.

To provide the business with the right quality employees for the right job, it's important to have staffing providers with a range of staffing expertise. Sempera Professional Services, Ajilon Professional Staffing, Colorado Network Staffing Inc, Express Employment Professionals, The Doyle Group, and Quantix Consulting Inc. agreements will expire on March 31, 2019. Each of these companies was selected for temporary staffing after a competitive selection process in 2016 and each serves a unique staffing requirement. These companies are performing well, and program managers are pleased with their performance. This request is for an amendment to the current contract rather than initiating a new solicitation. With recent turnover in Human Resources we did not have the capacity to initiate a full RFP. The full RFP for temporary staffing services will be conducted in September 2019 with an effective date of April 1, 2020.

Budget and Schedule:

The original amount of this contract was \$6,118,347 for a three-year period from February 10, 2016 to March 31, 2019. This amendment seeks a one-year extension of the contract with an associated addition of \$2,500,000 in contract funding, which staff has estimated to be the cost of temporary staffing through the end date of the contract on March 31, 2020. This amount is based on actual expenditures during 2018 and allows for unanticipated staffing needs should they arise. This extension keeps the rates the same for all but two positions. The approved 2019 budget for temporary staffing was based on appropriate estimates from each division and has sufficient funds to support the estimated costs for 2019.

Selection of Business Partner:

In October 2015, Denver Water issued a Request for Proposal (RFP) to the public on Rocky Mountain E-Purchasing System. 39 Proposals were received; 4 were SBE, 10 were WBE, and 9 were MBE.

Six companies were selected as each provides specific staffing services, e.g. Express Services, Inc. provides staffing for routine, high-volume services, whereas The Doyle Group, LLC provides specialized IT Staffing Services. These six amendments are being submitted as a single Board item because they were bid under the same competitive selection process, and renewals are typically handled collectively.

The Doyle Group and Quantix Consulting are SBE, Colorado Network Staffing and Sempera are WBE, and Ajilon is neither SBE nor M/WBE.

S/MWBE Information:

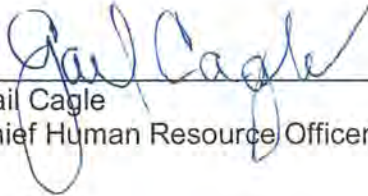
Temporary staffing services is a covered spend category under Denver Water's Covered Services MWBE program.

Recommendation:

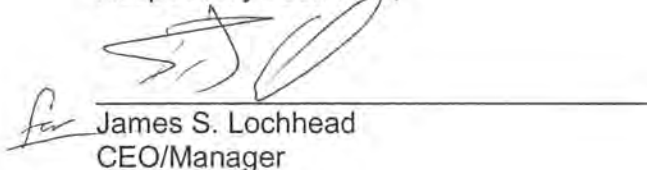
It is recommended that the Board approve the First Amendment to Agreement (501062) which will hold contract funds, with (501063) Sempera Professional Services Inc., (501064) Accounting Principals, Inc., dba Ajilon Professional Staffing, (501065) Colorado Network Staffing, Inc., (501067) The Doyle Group, LLC, and (501068) Quantix Consulting, Inc. for temporary staffing services for an extension of the contract period through March 31, 2020 and for an addition of \$2,500,000 for a total amended contract amount not to exceed \$8,763,111.

Approvals:

Respectfully submitted,



Gail Cagle
Chief Human Resource Officer



James S. Lochhead
CEO/Manager



Angela Brizmont
Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: January 23, 2019

Board Item: II-A-3

IBM Maximo Software Licensing through Total Resource Management, Inc. Contract 10265

Action by Consent

Individual Action

Purpose and Background:

Denver Water licenses IBM Maximo software to provide information system capabilities for its Enterprise Asset Management (EAM) program supporting water Collection, Treatment and Distribution system assets. Annual Maximo software maintenance & support fees have historically been purchased through Insight Public Sector, Inc., an IBM reseller. Given the significant cost of these services and the steep cost increases experienced each year, the IT division has explored alternatives through IBM's authorized Business Partners and have found a more cost-effective option with Total Resource Management, Inc. (TRM). This new TRM-Maximo agreement will provide a more effective license model to meet Denver Water's needs, at a significantly reduced cost. The new TRM-Maximo agreement will also incorporate annual maintenance & support costs for the existing TRM-Rules-Manager software used in conjunction with Maximo, at significantly discounted pricing.

The negotiated TRM-Maximo contract provides for fixed annual maintenance & support pricing for 3 years and an option to renew in years 4 and 5, at a slightly higher fixed price. The fixed annual pricing for a committed 3-year period represents a savings of \$810,000, a 36% reduction over the current and anticipated future costs charged by Insight / IBM. If Denver Water elects to extend the TRM contract in years 4 and 5, net savings will be \$1,618,000, a 42% reduction over the current and anticipated future costs charged by Insight / IBM over the 5-year period. The rationale for locking-in optional coverage in years 4 and 5 is based on the uncertainty of the transition timing to a new service oriented EAM solution (as recommended by GT).

Budget and Schedule:

The total amount of this contract is \$2,208,302.40 over the 5-year period beginning March 1, 2019 through February 29, 2024. Only \$1,299,002.40 is committed for years 1, 2, and 3 under this contract. Additionally, \$909,300 for years 4 and 5 is optional and not committed under the contract. Funds for this contract are included in the 2019 budget for IT Enterprise Asset Management Systems, which has sufficient funds to pay the \$433,000.80 needed in 2019. The remaining committed amount of \$866,001.60 will be budgeted in years 2020 and 2021. If Denver Water decides to exercise the option to incrementally extend the contract in years 4 and 5, funds for those years will be budgeted in 2022 and 2023 accordingly.

Selection of Business Partner:

Four leading IBM business partners were contacted and asked to propose a more effective and less expensive licensing model for Maximo. Only two business partners were responsive. Of the two proposals received, TRM proposed the most effective license model and the lowest pricing. Negotiations with TRM resulted in a fixed rate for the first 3 years (2019, 2020, 2021) below TRM's published 2018 rate schedule, and a fixed rate for years 4 & 5 (2022, 2023) below TRM's published 2019 rate schedule.

S/MWBE Information:

Total Resource Management, Inc. is an SBE.

Recommendation:

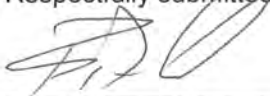
It is recommended that the Board approve contract Number 10265 with Total Resource Management, Inc. for IBM Maximo and TRM Rules-Manager licensing, maintenance and support services, for the contract period March 1, 2019 through February 28, 2024, for a total contract amount not to exceed \$2,208,302.40.

Approvals:



Chris Dermody
Chief Information Officer

Respectfully submitted,



for James S. Lochhead
CEO/Manager

Stephanie Abram for
Angela Bricmont
Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: January 23, 2019

Board Item: II-A-4

Recommendation for Settlement: 2640 S. Garfield Way, Denver, CO 80210

Action by Consent

Individual Action

Purpose and Background:

A 12" main break near Yale and Garfield Street flooded houses in June 2018. This was the second break in this area in approximately three years. Both breaks caused significant property damage to a home located at 2640 S. Garfield Way. In July 2018, the homeowners, Patrick Duggan and Kristin Kleimann (the Duggans) filed a Notice of Claim seeking over \$1,000,000 for damages caused by the second break, which had caused the home to be uninhabitable. After many months of negotiation, Denver Water and the homeowners have agreed to settle the matter for \$302,007.65.

The settlement amount is based on a reasonable estimate of the cost of restoring the property to its condition prior to the break and accords with the Board's current Main Break Resolution. If settlement did not occur, Denver Water was prepared to litigate the matter as there was no evidence of negligence. The settlement includes the cost of restoring the home and landscaping, temporary lodging as allowed in the Main Break Resolution, appliance replacement, and personal property damages (capped at \$8,000). Denver Water has already paid approximately \$66,000 to our water damage and restoration contractor, Restoration Logistics, to mitigate the water damage following the main break.

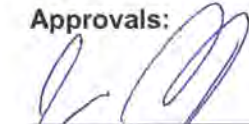
Budget and Schedule:

The total amount of this settlement is \$302,007.65. Funds for this settlement will come from the 2019 budget for the Office of General Counsel, which has sufficient funds to pay the full amount.

Recommendation:


It is recommended that the Board approve this settlement agreement. Although the recommended settlement amount is high compared to other main break settlements, the offer is commensurate with the cost to restore the property to its prior condition. Extensive property damage took place due to the design and location of the home in a low-lying area where water accumulated. As a result, the Duggans have been unable to inhabit the house since the main break.

Approvals:



Jessica R. Brody
General Counsel

Respectfully submitted,



for James S. Lochhead
CEO/Manager



Angela Brimont
Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: January 23, 2019

Board Item: II-B-1

First Amendment to Contract with ADP, LLC for Human Capital Management (HCM) Services & Software Contract 503248

Action by Consent

Individual Action

Purpose and Background:

As part of its multi-year Business Technology Roadmap, Denver Water has chosen to implement a new Human Capital Management (HCM) solution as the first phase of a new Enterprise Resource Planning (ERP) system. The second phase of the new ERP system will be focused on Finance, Procurement and Inventory Management. The scope of the ERP Phase 1 - HCM solution includes comprehensive business process outsourcing services for Payroll, Timekeeping and Benefits Administration, as well as integrated service-oriented software capabilities needed to support Denver Water's HCM needs. Using a comprehensive Choosing by Advantages process, Denver Water determined that a single, unified HCM solution, supporting comprehensive business process outsourcing with integrated HCM software as a service (SaaS), all provided by one vendor was an uncompromising business requirement.

In May 2018, based on an open-competitive selection process, the Board approved a contract with ADP for business process outsourcing of Benefits Administration Services. This contract was suspended in June 2018 by Denver Water in order to explore the option of implementing a full HCM solution as described above.

Budget and Schedule:

The total amount of this amended contract with ADP is \$6,042,290, over a 6-year period. Funds for this contract are included in the 2019 budget for ERP Phase 1 – HCM, which has sufficient funds to pay the contracted implementation expenses of \$1,082,570, in 2019. The additional \$4,959,720 for five years of annual service and software subscription fees (\$991,944 annually) will be budgeted in years 2020 through 2024.

Selection of Business Partner:

Denver Water hired Gallagher Consulting to assist with the discovery and development of a complete set of HCM requirements; development of an RFP; and completion of a thorough market assessment of viable HCM vendors that could fully support Denver Water's requirements.

Gallagher's market assessment concluded that ADP was the only HCM vendor who could provide all the required services without having to outsource critical components to other HCM vendor partners. Additionally, other factors were considered, including:

- the level of business process outsourcing services and length of time leading HCM vendors in the market have offered these services,
- the assumption of risk and payroll processing support offered by leading HCM vendors
- the pricing offered by leading HCM vendors for the services required by Denver Water

The market assessment determined that ADP was the strongest choice and offered the best value for Denver Water and its rate payors.

S/MWBE Information:

ADP is neither an SBE or a certified MWBE. This contract does not meet the criteria of the Covered Goods & Services MWBE program where overall annual participation targets are set.

Recommendation:

It is recommended that the Board approve amending the existing Benefits Administration outsourcing contract 503248 with ADP, LLC. for the full HCM scope, adding business process outsourcing services for payroll, timekeeping, and integrated HCM software as a service (SaaS), for the contract period January 23, 2019 through December 31, 2023, for a total contract amount not to exceed \$6,042,290.

Approvals:

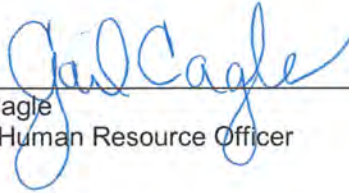
Respectfully submitted,



Chris Dermody
Chief Information Officer



for James S. Lochhead
CEO/Manager



Gail Cagle
Chief Human Resource Officer



Angela Bricmont
Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: January 23, 2018

Board Item: II-B-2

Adoption of Updated Denver Water Brand Drivers

Action by Consent

Individual Action

Purpose and Background:

Establishing and maintaining the public's trust in Denver Water is critical to our ability to communicate about and manage through future challenges, such as the need to increase our infrastructure investments, climate change uncertainty, population growth, and water quality and scarcity. An important component to establishing and fostering trust is first establishing our brand identity as an organization.

Denver Water led a 10-year conservation call-to-action marketing effort, called Use Only What You Need, from 2006 to 2015. That effort raised awareness of water scarcity and, along with the organization's conservation programs, motivated customers to reduce water use. The campaign was embraced by the public and built a strong communications platform for Denver Water.

At the same time, the campaign had a narrow focus on conservation and did not represent the full scope and mission of Denver Water. Addressing the future challenges described above requires Denver Water to develop a broader identity that encompasses more of who we are and what we do.

In 2013, Denver Water began developing that brand identity to support our Strategic Plan. The process incorporated working sessions with stakeholders, employees and the Board. The completed brand identity package, which included a positioning statement, brand promise and brand drivers, was presented in an Executive Session with the Board in January 2014.

On November 1, 2018, members of the Marketing team (Kathie Dudas and Jessica Mahaffey) facilitated a brand review with Jim Lochhead, Julie Anderson, Mike King and Stacy Chesney to ensure that the brand positioning statement, promise and drivers still aligned with Denver Water's Strategic Plan, which was revised in 2016.

All present agreed that the current positioning statement aligns with the Strategic Plan:

BRAND POSITIONING STATEMENT

Denver Water is the nation's premier forward-thinking water resource manager, sustaining a vibrant metropolitan area. We are devoted to the people we serve, communities across the state and the natural environment.

Since 1918, we have expertly planned, developed and operated a complex system that provides clean, safe, great-tasting water — and we always will. In a challenging and ever-changing world, we continuously improve, we step up, and we lead. Our passionate, dedicated employees care deeply about the public's needs and are personally driven never to fail. The natural environment is our lifeline, which we responsibly protect, and which inspires our strong ethic of maximum water-use efficiency.

As a result, our customers trust and support our ability to provide clean, safe, great-tasting water, without fail, to a thriving city supported by a healthy environment.

The group also agreed that the current brand promise aligns with the Strategic Plan:

Experts. Always there. Doing the right thing.

Denver Water aspires to be the best water utility in the nation.

Integrity :: Vision :: Passion :: Excellence :: Respect



Finally, the group recommended updates to the brand drivers to reflect the customer-centric and community-focused organizational perspective included in the updated Strategic Plan. As a result, we request the following changes be approved and adopted by the Board (updates in **bold**):

BRAND DRIVERS

- Long heritage running a complex system, providing exceptionally clean, safe, great-tasting water, **without fail**.
- Leadership in a challenging and ever-changing world.
- Passionate, dedicated employees **driven never to fail devoted to the people we serve and communities across the state**.
- Responsible protectors of the natural environment.

This brand platform is not to be used in marketing materials; rather, these are the themes that drive all of our communications and provide instruction to future speakers, designers, writers and others who develop materials for Denver Water.

Recommendation:

Approve and adopt the recommended changes to Denver Water's brand drivers for alignment with the Strategic Plan. The final language will read:

BRAND DRIVERS

- Long heritage running a complex system, providing exceptionally clean, safe, great-tasting water, without fail.
- Leadership in a challenging and ever-changing world.
- Passionate, dedicated employees devoted to the people we serve and communities across the state.
- Responsible protectors of the natural environment.

Attachment:

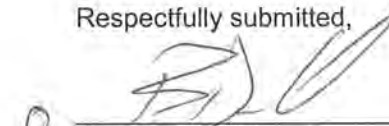
- Executive Session brand presentation from January 2014.

Approvals:



Mike King
Chief External Affairs Officer

Respectfully submitted,


James S. Lochhead
CEO/Manager

Angela Bricmont
Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: January 23, 2019

Board Item: II-B-3

Inter-Governmental Agreement with with the City of Greenwood Village and Urban Drainage and Flood Control District authorizing Stormwater into the High Line Canal – Contract 503774

Action by Consent

Individual Action

Purpose and Background:

For several years Denver Water has worked cooperatively with other governmental entities and the High Line Canal Conservancy to develop a future vision for the High Line Canal that will preserve the Canal's natural character and unique recreational experience. One potential use of the Canal could be to detain stormwater to improve water quality and drainage. Recent studies performed by Urban Drainage and Flood Control District ("UDFCD"), Denver Water and other governmental entities show that the Canal has the potential to serve as an effective stormwater treatment and conveyance facility. As a result of the studies, the City and County of Denver and UDFCD entered into an IGA in July of 2018 to convey and treat stormwater in the Canal through a portion of the City and County of Denver. The City of Greenwood Village ("City") and UDFCD also desires to partner with Denver Water for an additional area of the Canal in Arapahoe County.

Inter-Governmental Agreement ("IGA") 503774 formally authorizes the City to install stormwater outfalls into the Canal for the segment between approximately Orchard Road and Colorado Blvd.

Under the IGA between Denver Water, the City, and UDFCD:

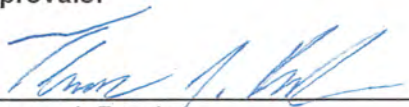
- The City may use the Canal to carry stormwater within an authorized reach of the Canal beginning near Orchard Road.
- Before discharging to the Canal, the City will pre-treat stormwater to comply with its municipal separate storm sewer system (MS4) permit.
- The City may construct bio-retention facilities to temporarily detain stormwater within the Canal to perform additional treatment in the Canal. Under Colorado water law, the bio-retention facilities may detain the stormwater for no more than 72 hours.
- The City will undertake responsibility for maintaining the Canal within the authorized reach.
- UDFCD will model and monitor the volume and quality of the City's stormwater in the Canal and approve all outfall flows and bio-retention facilities proposed by the City.

In approving the IGA, the Board will be making an exception to a May 4, 1999 Policy ("Policy"), in which the Board prohibited developed stormwater from entering irrigation facilities, including the Canal. Based on the location of the segment of the Canal authorized to carry the City's stormwater and the terms of the IGA, an exception to the Board's Policy for this IGA is appropriate.

Recommendation:

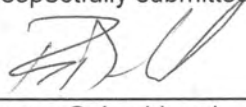
It is recommended that the Board approve Inter-Governmental Agreement 503774 with the City and UDFCD to authorize stormwater outfalls, water quality features, and long-term maintenance access into the Board's High Line Canal.

Approvals:



Thomas J. Roode
Chief Operations Maintenance Officer

Respectfully submitted,



for James S. Lochhead
CEO/Manager

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: January 23, 2019

Board Item: V-A-1

Briefing Paper for Legislative Update

Strategic Plan Alignment

Lenses: Customer Centric Industry Leader Long-Term View

Government Relations plays a key role in issues important to Denver Water's success by advocating the interests of Denver Water in legislative and regulatory matters, specifically by proactively lobbying the Colorado General Assembly.

Summary

As of January 14, 2019, the legislature has introduced 159 bills. We are currently tracking 15 bills. Many of the bills we are tracking have just been introduced, and we are reviewing them and forming our recommendations.

Here is a summary of the issues we have recommendations on and are working on:

Recycled Water Legislation – In 2018, Denver Water helped pass legislation adding toilet flushing as a new recycled water use in Regulation 84. During the reclaimed water rulemaking process, we identified a problem with the new statutory definition of "point of compliance." We have worked with the Colorado Department Public Health and Environment to craft legislative language and obtained commitments from Representative Arndt and Senator Donovan to run a bill fixing this. Once this bill is introduced, it will have a number and appear in our summary.

HB19-1006 Wildfire Mitigation Wildland-urban Interface Areas – The Wildfire Matters Review Committee referred this bill creating a state grant program to be administered by the Colorado State Forest Service to fund proactive forest management fuels reduction projects to reduce the impacts to life, property and critical infrastructure caused by wildfires. This new matching grant program will look a lot like our From Forests to Faucets partnership with the federal government. Denver Water would benefit from not only the work in our watersheds that result from this bill, but may also be eligible for a grant, depending on how the qualifying criteria gets defined. **Recommendation: SUPPORT**

HB19-1015 Recreation Of The Colorado Water Institute – The Colorado Water Institute was created in 1981 and automatically repealed in 2017. The bill recreates the institute. The Colorado Water Institute has been providing grant funding for graduate-level research projects related to water resources issues since 1981. These research projects are beneficial to understanding the challenging and changing nature of water use in Colorado. This program was authorized for several years and its expiration was an oversight. This bill simply reinstates the program. The Colorado Water Institute has historically provided

Denver Water a seat on its advisory committee. Chris Piper currently serves as Denver Water's representative. **Recommendation: SUPPORT**

Attached is the full bill report, which includes a summary table followed by a detailed report on each bill we are tracking. Please refer to this attached report for information on all our bills.

Background	N/A
Budget	N/A
Alternatives	N/A
Approach	N/A
Owner(s)	Chris Piper, Government Relations, External Affairs
Attachments	Report on 2019 Legislation

Respectfully submitted,

DocuSigned by:



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Chris Piper
Manager of Government Relations



Mike King
Chief of External Affairs

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: January 23, 2019

Board Item: V-A-2

Briefing Paper for Integrated Marketing Plan Update

Strategic Plan Alignment

Lenses: Customer Centric Industry Leader Long-Term View

The Integrated Marketing Plan most directly supports the Trusted Reputation and Inspired People components of Denver Water's Strategic Plan. The goal of the Integrated Marketing Plan is to establish Denver Water as the public's trusted source on water issues and demonstrate that: (a) we have a visionary, adaptable, long-range planning approach, (b) we sustain healthy watersheds and an excellent collection, treatment and delivery system to provide high-quality water at an affordable rate, (c) we are passionate about providing outstanding customer service, (d) we foster autonomy, creativity, initiative, innovation, calculated risk-taking and recognizing success and (e) we attract, grow and retain top talent.

Summary

This briefing paper provides a brief history of Denver Water's marketing efforts, and the proposed next steps to implement the Integrated Marketing Plan.

The Integrated Marketing Plan will be used to shape communication, outreach and customer relations across all aspects of Denver Water. The plan employs strategies for public engagement, public will-building, and increasing knowledge and awareness of water issues, while also elevating the brand and building political capital to position Denver Water for the complex and challenging issues that lie ahead.

Background

Use Only What You Need (UOWYN) was a 10-year call-to-action marketing effort that began in 2006 and ended in 2015. It supported Denver Water's conservation plan and goal to decrease customer water use by 22 percent from pre-drought levels. The campaign focused on behavior change and encouraged wise water use through a mixture of nontraditional and community-driven tactics.

The effort successfully helped raise awareness of water scarcity and, along with the organization's conservation programs, motivated customers to reduce water use by the targeted amount. UOWYN was embraced by the public and built a strong communications platform for Denver Water.

However, the campaign had a narrow focus on conservation and did not represent the full scope and mission of Denver Water. To successfully address future challenges (increasing infrastructure investments, climate change uncertainty, population growth, Colorado River, etc.), Denver Water needs to foster and maintain a high level of trust and credibility among the public. An

important component of establishing and fostering trust is first establishing a brand identity.

Denver Water began developing a brand identity to support our Strategic Plan in 2013. The multi-phase brand development process occurred during a one-year planning period and incorporated working sessions with stakeholders, employees and the Board. The completed brand identity package, which included a positioning statement, brand drivers and brand promise, was approved by the Board in January 2014.

When the UOWYN campaign concluded in 2015 (after 10 years and a \$7.8 million investment), Public Affairs continued to implement the branding initiative. We conducted a marketing research and segmentation study to inform the development of a multi-year Integrated Marketing Plan. This plan identified a comprehensive strategy to extend Denver Water's brand in a way that builds trust and credibility with key audiences and stakeholders.

In 2016, Denver Water contracted with Launch Advertising to create an Integrated Marketing Plan. The final plan was completed in 2017, and incorporated information from Denver Water's Strategic Plan, Brand Guidelines (attached), marketing research and internal interviews. The plan recommended a creative strategy and proposed tagline: "Water Connects Us All." The plan, along with the corresponding tagline, was approved by the Board in February 2018.

At that time, the anticipated next step was to issue a request for proposal (RFP) for an advertising agency to complete creative and supporting elements to achieve the Plan's strategies. However, because 2018 was Denver Water's 100th Anniversary, we held off on issuing the RFP and used the tagline, "Water Connects Us All," to celebrate this important milestone.

Proposed next steps:

We plan to continue incorporating UOWYN language into customer water efficiency communications, where appropriate.

We recommend issuing an RFP for an advertising agency to develop a creative brand campaign that fulfills the broader strategies outlined in the Integrated Marketing Plan. Note: The agency that developed "Water Connects Us All" may or may not respond to the RFP, so that tagline may be retired with the centennial celebration.

The campaign will aim to engage, activate and educate customers and stakeholders across multiple channels and platforms, including bill messages, digital ads, emails, events, and print, radio and social media. The campaign will direct people to learn more at denverwater.org, as well as denverwaterTAP.org. The campaign will be used to send a consistent, high-level message to a broad audience and target specific audiences with meaningful, customized calls to action on topics such as lead, water efficiency, construction notices, the Gross

Reservoir Expansion Project and Dillon Reservoir operations/Summit County runoff.

See "Approach" section below for more on the Board's involvement in this process.

Budget

The estimated cost of a marketing campaign is \$1.2 million over 3 years.

Alternatives

The alternative to issuing an RFP for an advertising agency of record is continue with the status quo: developing the marketing strategy and content in-house with the support of multiple independent agencies. While there are potential cost savings to this approach, the disadvantages include:

- No creative, consistent, high-level external message communicating the value of water.
- Fewer people seeing our information and stories about what Denver Water is doing to invest in our system plan for the future.

Approach

1. Issue RFP for an advertising agency of record in March 2019.
2. The top two agencies present concept proposals to the Board for input in May 2019.
3. Submit the contract to the Board for approval in June 2019.
4. Develop a campaign and implement the plan in 2019-2021.


Owner(s)

Kathie Dudas, Manager of Brand and Marketing, External Affairs

Attachments

- February 2018 Board presentation
- Integrated Marketing Plan
- Denver Water Brand Guidelines

Respectfully submitted,



Kathie Dudas
Marketing Manager



Mike King
Chief of External Affairs

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: January 23, 2019

Board Item: V-A-3

Briefing Paper for Cafeteria Services Pre-RFP Policy Questions

Strategic Plan Alignment

Lenses: Customer Centric Industry Leader Long-Term View

An onsite cafeteria provides a convenient and fast location for employees and visitors to obtain food in a part of Denver that is essentially a food desert. This also aligns under the Excellent Operations perspective of Denver Water's Strategic Plan"

- We employ best business practices in our day-to-day operations to increase efficiency and delivery of service to our customer
 - *An onsite cafeteria minimizes the need for employees to travel offsite to restaurants (none are within walking distance) and provides catering options for meetings of Denver Water and other stakeholders and business partners*

Summary

Denver Water plans to rebid the cafeteria services contract through issuance of a RFP in March 2019. Prior to doing that, we'd like to discuss the food quality and availability questions with the Board and the potential impact of those choices on the amount of subsidy needed to achieve them and encourage a competitive bidding environment.

Background

Denver Water's contract with Compass/Eurest for cafeteria services expires May 31, 2019. There has been dissatisfaction with the quality and variety of offerings provided under the current contract, and the move into a new cafeteria in the new Administration Building later this year presents an opportunity to ensure we have a variety of good quality, healthy food choices for both employees and visitors. This would align with the wellness goals we have established for the renovated Operations Complex. We also have an opportunity to expand food offerings to our 24/7 staff, to those working late, and to folks who cannot get to the cafeteria during normal hours of operation.

The primary topic that the Board and Staff wrestle with each time this contract comes up for RFP or renewal is the balance between food options and quality and how much Denver Water should subsidize an onsite cafeteria vendor. Although employees and visitors pay directly for the food they purchase from the cafeteria, the volume of cafeteria sales and catering has not been high enough, historically, to sustain a vendor at Denver Water's Operations Complex without subsidy. Approximate annual financials for the current vendor are shown in Table 1:

Table 1: Approximate Annual Expenses and Revenues – Denver Water Cafeteria

Expenses		Revenues	
Product	\$197,150	Sales	\$326,300 (69%)
Labor	\$185,400	Denver Water Subsidy	\$146,000 (31%)
Management Fee	\$30,000		
Other Expenses	\$59,750		
Total	\$472,300	Total	\$472,300

Soft benefits related to the convenience and efficiency of an onsite cafeteria have been the major reason for justifying Denver Water’s subsidy. The Operations Complex is located in a virtual food desert, with no restaurants within walking distance for staff or visitors. While some employees bring their lunch to work, a significant number use the onsite cafeteria and otherwise would have to leave the facility daily to drive and get food. Staff believes that significant efficiencies are gained by having food onsite, both for personal dining and for catering meetings.

Denver Water obtained data from its current vendor, Compass/Eurest, comparing its subsidy to other organizations, as shown in Table 2:

Table 2: Compass/Eurest Subsidy Comparisons

	Building Population	Average Customers/Day	Subsidy Per Operating Day	Subsidy Per Customer^	Comments
Denver Water	450*	256	\$577	\$2.25	Lower check avg, medium catering
Unit A	425	205	\$666	\$3.25	Higher check avg, lower catering
Unit B	425	249	\$475	\$1.91	Higher volume, higher catering
Unit C	650	214	\$717	\$3.35	Lower pricing, higher volume
Unit D	400	322	\$560	\$1.74	Higher volume, higher catering
Unit E	500	364	\$299	\$0.82	Higher volume & check avg

*Note: Denver Water is anticipating that 550 people will move into the new Administration Building when it opens, including staff from Quivas and other offsite locations. Total Operations Complex Staff is estimated to be 700. We also anticipate greater community use of the cafeteria with increased accessibility to the administration building and more visitor parking.

^Median Subsidy per Customer \$2.08

While Denver Water’s current cafeteria subsidy is close to the median of other Compass/Eurest clients, we believe that quality, choice and wellness options could be improved while staying competitive to subsidies provided by other companies. In addition, we could choose to utilize a local business or one that offers more locally sourced food options and has a deeper sustainability ethic. If the Board is open to exploring food options with more choice, higher quality and that is potentially more sustainable, we recommend that each RFP proposer be asked to provide several alternatives that reflect different service and subsidy levels. We could also look at options for a different split between the subsidy and what cafeteria customers pay.

It is important to note that the current contract has a fixed subsidy that is amortized throughout the year. It also has a built-in annual increase for labor and food as well as an adjustment for café revenue increases or decreases. Typically, the change is less than 10% and in theory, Denver Water could get money back if sales increase significantly.

Other issues staff recommends including in the RFP include:

- Ability to provide a limited menu of food items outside of normal café business hours. This would benefit our 24/7 staff, employees who are working late and those who cannot make it to café during normal meal times.
- All food service plates, cups and utensils to be reusable and/or compostable.
- Provide pricing for an option that allows employees to pre-order food through a computer, app, or similar technology.
- Provide pricing for a service that allows employees to order meals for pickup at the end of the day to take home for dinner.

Budget

The 2019 budget includes \$146,000 for cafeteria services. This budget will be reforecast, as needed, in 2019 and subsequent years, depending on Board direction on subsidy and pricing of the successful vendor.

The 2019 budget also includes \$95,000 for kitchen supplies, equipment and other smallwares that will be needed for the new cafeteria. Many of the existing smaller appliances, cooking pans and utensils need to be replaced.

Alternatives

Note: all of these depend on actual proposals and prices.

Alternative 1 – Status Quo (Same Approximate Subsidy and Guest Cost)	
Pros	Cons
No significant change in budget	Potential difficulty attracting more than three vendors <i>(the last time Denver Water researched this, the team identified approximately five vendors that provide this type of service in the Denver metro area, three of which normally work with employers of Denver Water's size; Sodexo, Premier and Eurest)</i>
No significant change in food quality or prices for employees	Some are unsatisfied with current service levels and food choices

Alternative 2 – Increased Subsidy/Guest Cost	
Pros	Cons
Improved food choice, quality and availability	Potential increase to the budget (depends on usage)
Potential ability to attract more vendors to the RFP	
Potential to attract more customers to the cafeteria (internal and external)	

Alternative 3 – No Subsidy	
Pros	Cons
Decrease to the budget	Difficulty attracting vendors to the RFP
	Decreased service levels and food choices
	Dissatisfied employees and visitors

Approach

Board feedback will be taken at the February 13, 2019 Board meeting and incorporated into the RFP. Results of the RFP will be evaluated, and a recommendation will be brought to the Board for consideration.

The current contract with Eurest/Compass needs to be amended for funds, so Procurement is planning to do that soon, with a time and dollar extension through the end of 2019.

If the current vendor is the successful proposer, the existing contract will be canceled a new contract will be written effective June 1, 2019. If the current vendor is not selected for the new contract, their contract will remain in effect for the existing Administration Building until it closes, at which point the contract will be terminated. Staff would then work with the new vendor to start their services concurrent with opening the new Administration Building.

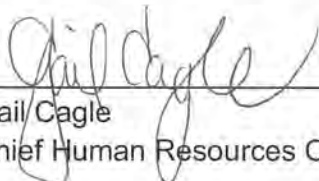
Owner(s)

Gail Cagle, Human Resources
Brian Good, Administrative Services

Attachments

None

Respectfully submitted,



Gail Cagle
Chief Human Resources Officer



Brian Good
Chief Administrative Officer