

AGENDA

Denver Board of Water Commissioners

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

Wednesday, December 5, 2018 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

1. GFOA Award Letter and Certificate

D. Annual Meeting - Agenda

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. Minutes from November 7, 2018 - Open and Executive
2. Minutes from November 14, 2018 - Open and Executive
3. Financial Advisory Services – Contract 503594

B. Individual Approval Items

- | | | |
|--|-----------------|------------|
| 1. Amendment to Board Bylaws | Jessica Brody | 5 minutes |
| 2. Adoption of Updated Denver Water Brand Drivers | Kathie Dudas | 5 minutes |
| 3. Adoption of 2019 Budget | Angela Bricmont | 10 minutes |

III. POLICY MATTERS

- | | | |
|--|-----------------|------------|
| A. Integrated Marketing Plan Update | Kathie Dudas | 10 minutes |
| B. Communications Strategy Update | Travis Thompson | 10 minutes |

IV. EXECUTIVE UPDATE

- A. CEO Update**
- B. CFO Update**
 - 1. Monthly Financial Update
- C. Operations Update**

V. BRIEFING PAPERS & REPORTS

- A. Briefing Paper**
 - 1. Integrated Marketing Plan Update
 - 2. Green Roof Ordinance Update
 - 3. 2018 Sustainability Update
- B. Report**

VI. ADJOURNMENT

VII. TRUSTEE MATTERS

1. Meeting as Trustee: Minutes from November 14, 2018 Trustee Meeting
2. Meeting as Trustee: Amendment No. Three to the Employees' Retirement Plan of the Denver Board of Water Commissioners (DB Plan)
3. Meeting as Trustee: Investment Consulting Services for Employees' Retirement Plan of the Denver Board of Water Commissioners (DB Plan)

VIII. EXECUTIVE SESSION

The Board may adjourn the regular meeting and reconvene in executive session on topics authorized by C.R.S. Sec. 24-6-402 or D.R.M.C Sec. 2-34.

- A. Confidential Report § 24-6-402(4)

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 5, 2018

Board Item: II-A-3

Financial Advisory Services Contract 503594

Action by Consent

Individual Action

Purpose and Background:

Staff recently requested proposals to provide financial advisory services for Denver Water's debt management and selected George K. Baum & Company ("GKB") based on overall value to Denver Water. As a Financial Advisor to the Board, GKB will provide the following services:

- Assistance with evaluation of financing options available to Denver Water
- Participation in bond document preparation and review
- Coordination of relationships with credit rating agencies
- Coordination of debt sale transactions
- Monitoring refunding opportunities
- Assistance with debt market monitoring
- Financial modeling and policy development
- Serving as Denver Water's independent Registered Municipal Advisor

Budget and Schedule:

The total amount of this contract is \$350,000, and the term of the contract is January 1, 2019 to November 30, 2022. Funds for this service/contract will come from the 2019 annual budget for debt, which has sufficient funds to pay the \$17,500 estimated to be needed in 2019. The remaining \$332,500 will be budgeted in years 2020, 2021, and 2022.

Selection of Business Partner:

Denver Water issued a Request for Proposals ("RFP") to the public on the Rocky Mountain E-Purchasing System (BidNet), on Denver Water's website, through notifications to the SBE and MWBE list, and via direct solicitation to known vendors. Denver Water received five (5) proposals. One Proposer was an SBE and one Proposer was an MBE. The remaining three Proposers were neither SBE nor MWBE. The recommendation of award is made for George K. Baum & Company based on their experience, professional staff, understanding of work to be performed, and pricing. George K. Baum & Company has provided financial advisory services to Denver Water since 2016.

S/MWBE Information:

This contract has been determined not to fall under either the O&M Construction Related or the Covered Goods & Services MWBE programs. George K. Baum & Company is neither an SBE nor a certified MWBE.

Recommendation:

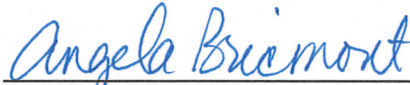
It is recommended that the Board approve Contract 503594 with George K. Baum & Company for financial advisory services for the contract period January 1, 2019 to November 30, 2022 for a total contract amount not to exceed \$350,000.

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

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Approvals:



Angela Bricmont
Chief Finance Officer

Respectfully submitted,



James S. Lochhead
CEO/Manager

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 5, 2018

Board Item: II-B-1

Amendment to Board Bylaws Concerning Open Meetings and Other Conforming Amendments

Action by Consent

Individual Action

Purpose and Background:

The purposes of these amendments to the Board Bylaws are (1) to conform the Board's open meetings practices to those of other public bodies constituted under the Denver Charter, and (2) to make other minor clarifying edits.

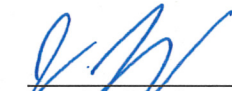
Paragraph 1.5 of the Board Bylaws currently states that "All Regular Meetings, Special Meetings and Study Sessions of the Board shall be open to the public and shall comply with the provisions of the Colorado Open Meetings Law, § 24-6-402." As a home rule municipality, the City and County of Denver has adopted its own open meetings provisions, and all other Denver public bodies follow the Denver provisions instead of the Colorado Open Meetings Law. The proposed amendment to paragraph 1.5 would conform the Board's open meetings practices to those of other Denver public bodies by adopting the Open Meetings Article of the Denver Revised Municipal Code, §§ 2-31 et seq., D.R.M.C. in lieu of the Colorado Open Meetings Law. Consistent with this change, paragraph 1.13 concerning recordation of executive sessions would also be deleted as there is no requirement to record executive sessions in the Denver open meetings ordinance.

Other proposed minor modifications in paragraph 1.11 would update terminology regarding Board items taken up on consent.

Recommendation:

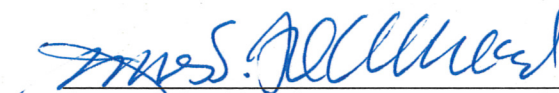
It is recommended that the Board approve the Amendments to the Board Bylaws and described herein and as reflected in the attached markup of the bylaws.

Approvals:



Jessica Brody
General Counsel

Respectfully submitted,



James S. Lochhead
CEO/Manager

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 5, 2018

Board Item: II-B-2

Adoption of Updated Denver Water Brand Drivers

Action by Consent

Individual Action

Purpose and Background:

In 2013, Denver Water began developing a brand identity to support our Strategic Plan. 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 promise and brand drivers was presented in an Executive Session with the Board on January 22, 2018.

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.

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.

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.

Approvals:

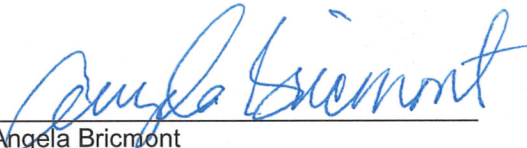


Mike King
Chief External Affairs Officer

Respectfully submitted,



James S. Lochhead
CEO/Manager



Angela Bricmont
Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 5, 2018

Board Item: II-B-3

Adoption of 2019 Budget

Action by Consent

Individual Action

Summary:

Budget preparation began after the 2019 Organizational Work Plan priorities and programs were identified and presented to the Board. This was followed by establishment of an overall revenue adjustment recommendation, which was used to set targets for the 2019 Budget. The Board was presented the proposed 2019 budget at the November Budget Workshop.

The 2019 budget reflects the financial strategy presented to the Board during the financial planning presentations in July and September 2018. This strategy includes drawing down cash reserves, in excess of the minimum reserves (as set by Board policy), over a five-year period instead of the two-year draw down proposed in 2017. The 2019 Budget includes a planned draw-down of approximately \$75M in cash, and the utilization of a \$60M line of credit, to fund \$509M of budgeted expenditures.

A summary of the 2019 budget is below:

DENVER WATER - 2019 BUDGET				
<i>\$ in thousands</i>	2018 Current Budget	2019 Budget	2018-2019 Budget Change	% Budget Change
Water sales	282,658	296,208	13,550	4.8%
Hydropower	4,607	4,196	(411)	-8.9%
Special assessments and fees	7,070	6,980	(90)	-1.3%
SDC revenue / Contributions	38,800	50,674	11,874	30.6%
Proceeds from debt	60,000	60,000	-	0.0%
All other revenue	11,847	15,139	3,292	27.8%
TOTAL SOURCES OF FUNDS	\$ 404,982	\$ 433,197	\$ 28,215	7.0%
Salaries and Benefits	119,392	123,507	4,115	3.4%
Professional and Purchased Services	41,768	42,696	928	2.2%
Materials, Supplies, and Chemicals	16,367	17,754	1,387	8.5%
Travel, Training, and Conferences	1,573	1,587	14	0.9%
Other Expense	2,143	1,782	(361)	-16.8%
TOTAL OPERATING w/o DEBT & PROJECTS	\$ 181,242	\$ 187,327	\$ 6,085	3.4%
Interest expense	26,640	25,498	(1,143)	-4.3%
Principal payments	22,509	22,151	(358)	-1.6%
Debt	49,149	47,649	(1,500)	-3.1%
TOTAL OPERATING COSTS w/o PROJECTS	\$ 230,391	\$ 234,976	\$ 4,584	2.0%
IT Projects	2,479	4,553	2,074	83.6%
Systems & Programs Projects	13,794	15,737	1,943	14.1%
Operating Projects (incl. applied labor)	16,273	\$ 20,290	4,017	24.7%
TOTAL OPERATING COSTS	\$ 246,664	255,266	\$ 8,602	3.5%
IT Projects	1,286	815	(471)	-36.6%
Systems & Programs Projects	195,240	252,752	57,512	29.5%
TOTAL CAPITAL (incl. applied labor)	\$ 196,526	\$ 253,567	\$ 57,041	29.0%
TOTAL USES OF FUNDS	\$ 443,190	\$ 508,833	\$ 65,643	14.8%

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

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Recommendation:

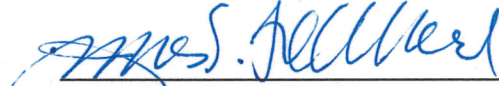
It is recommended that the Board approve the proposed 2019 Budget as summarized in this Board item.

Approvals:



Angela Briomont
Chief Finance Officer

Respectfully submitted,



James S. Lochhead
CEO/Manager

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 5, 2018

Board Item: V-A-1

Briefing Paper for Integrated Marketing Plan Update

Strategic Plan Alignment

The Integrated Marketing Plan establishes a roadmap to express and communicate our commitment to the perspectives included in Denver Water's Strategic Plan. The plan provides a framework to demonstrate to employees, stakeholders and the public who we are and what we value.

Lenses: Customer Centric Industry Leader Long-Term View

The Integrated Marketing Plan most directly supports the Excellent Operations and Inspired People perspectives and our objectives to 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

The purpose of this briefing paper is to provide the Board a brief history and update on the status and proposed next steps to implement the Integrated Marketing Plan.

The Integrated Marketing Plan provides the strategic backbone for marketing decisions that can also 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 advertising effort that began in 2006, ended in 2015, and 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 marketing 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. Addressing future challenges (climate

change, population growth, Colorado River, etc.) requires Denver Water to establish a higher level of trust and credibility among the public. Inspiring this trust and credibility depends on Denver Water developing a broader identity that encompasses more of who we are and what we do.

Recognizing the need for that broader 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 promise and brand drivers, was approved by the Board in January 2014.

When UOWYN wrapped up in 2015 (after 10 years and \$7.8 million), 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. Informed by Denver Water's Strategic Plan, brand guidelines, marketing research and internal interviews, the Integrated Marketing Plan was completed in 2017. The plan also included a recommended creative strategy and proposed tagline: "Water Connects Us All." The plan, along with the corresponding tagline, was presented to and approved by the Board in February 2018.

At that time, the next step was to issue a request for proposal (RFP) for an advertising agency of record to fully develop creative and supporting elements to achieve the strategies outlined in the Integrated Marketing Plan. 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 develop creative content celebrating this important milestone.

Proposed next steps:

We plan to continue incorporating Use Only What You Need language into customer water efficiency communications, where appropriate, moving forward.

We recommend issuing an RFP for an advertising agency of record 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 creative brand campaign produced by our agency of record will educate and activate customers and stakeholders across multiple channels and platforms, including (but not limited to): owned assets (like bill messages), content-based marketing, digital, email, event marketing, print, radio and social media. Using these platforms will give us the ability and flexibility to serve messages broadly and

to 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 costs for a creative brand campaign is \$1.2 million over 3 years.

Alternatives

We identified one alternative to issuing an RFP for an advertising agency of record, and that alternative reflects our current state of operation: developing creative strategy and content in-house with the support of multiple independent agencies.

Alternative 1: Develop brand creative and content in-house with creative/design support from multiple independent agencies.

Alternative 1	
Pros	Cons
There are potential cost savings to developing creative strategy and content in-house.	We do not currently have the internal resources to develop the high-level creative materials the public expects from a Denver Water marketing campaign, based on their experience with UOWYN. We would need to compensate for skillsets that we do not have in-house by hiring, on a temporary basis, several independent agencies to perform designated tasks. While this may create potential cost-savings, the result would be fragmented messaging and the campaign ultimately would be less impactful to our audiences.

Approach

1. Issue RFP for an advertising agency of record in February 2019.
2. Board presentations for the top two agencies in April 2019.
3. Submit the contract to the Board for approval in May 2019.
4. Develop a campaign and implement the plan in 2019-2021.

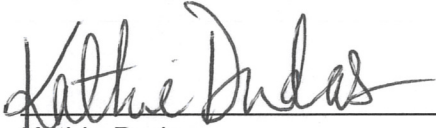
Owner(s)

Kathie Dudas, Manager of Brand and Marketing, External Affairs

Attachments

- February 2018 Board presentation.
- Integrated Marketing Plan.

Respectfully submitted,

A handwritten signature in black ink that reads "Kathie Dudas". The signature is written in a cursive style with a long horizontal stroke at the end.

Kathie Dudas
Marketing Manager

A handwritten signature in blue ink that reads "M. King". The signature is written in a cursive style with a long horizontal stroke at the end.

Mike King
Chief of External Affairs

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 5, 2018

Board Item: V-A-2

Briefing Paper: Green Roof Ordinance Update

Strategic Plan Alignment

Check all that this initiative addresses:

Lenses: Customer Centric Industry Leader Long-Term View

The Green Buildings Ordinance (formerly known as the Green Roof Ordinance) helps mitigate the challenges of a warming climate by reducing the urban heat island effect in Denver. Many of the compliance pathways in the new ordinance help codify One Water Strategies that will help sustain healthy urban watersheds. This initiative also helps lay the ground work for other developers to pursue water wise strategies found in Denver Water's OCR project.

Summary

The expansion of the Green Roofs Ordinance to a broader Green Building Ordinance ultimately allows more compliance pathways for existing buildings. The modified ordinance was unanimously adopted by City Council on October 29, 2018, with full support of the original opponents and proponents. The new ordinance will achieve equal or greater overall environmental benefits compared to the original Green Roofs Ordinance and is not expected to have a significant or detrimental impact on water supplies. Denver Water provided comments in support of the new Green Buildings Ordinance because it was in alignment with our recommendations during the review task force. The draft rules and regulations to support this ordinance were available for public comment through November 30, 2018.

Background

Denver Water participated on the Green Roofs Review Taskforce and provided guidance regarding managing associated water demands with One Water strategies. The differences in the original ordinance and the new ordinance developed by the task force are outlined below:

Original Proposal	New Proposal
Illegally required re-use of rainwater	Removes water re-use requirements
Required vegetative roofs on new and existing building (90% exempt)	More compliance options for existing buildings
Extremely costly for existing buildings	Codifies One Water Strategies
Campuses were not considered	Campuses have multiple compliance pathways

The table below shows the projected maximum annual water demand that could result from this ordinance by 2050.

	Existing buildings	New Building (2050)	Total New Demand	Green Roof Demand as % of Average Demand
	Acre-feet / year			
Original Proposal	364	213	577	0.30%
New Proposal (passed by council)	<37	<273	<310	<0.16%

The new proposal is not expected to have significant or detrimental impacts on water supply.

Budget

No impacts to budget are currently anticipated.

Approach

Denver Water will coordinate with green roof stakeholders to develop associated water efficiency benchmarks and update its operating rules, engineering standards, and Drought Response Plan to accommodate this ordinance.

Owner(s)

Austin Krcmarik - Water Resource Strategy, External Affairs

Respectfully submitted,



 Austin Krcmarik
 Planner



 Mike King
 Chief External Affairs Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 5, 2018

Board Item: V-A-3

2018 Sustainability Update

Strategic Plan Alignment

Lenses: Customer Centric Industry Leader Long-Term View
Sustainability is an integral part of the Strategic Plan within the Excellent Operations perspective.

Summary

The Sustainability Program was initiated in 2016. We committed to producing an annual report card, in addition to monthly reports. The attached documents summarize 2018 performance and projects related to sustainability, to date.

Background

As a major water provider in the West, Denver Water views itself as having a special responsibility to the environment. It is a responsibility that we take very seriously. We incorporate it into both our strategic thinking and daily operations.

Sustainability for the next 100 years will require innovation, resilience and adaptability in everything we do. Establishing current state, baselines, goals and commitments for the organization is necessary in order to know what direction we are heading, and what we are accomplishing.

Budget

Not applicable

Alternatives

Not applicable

Approach

Not applicable

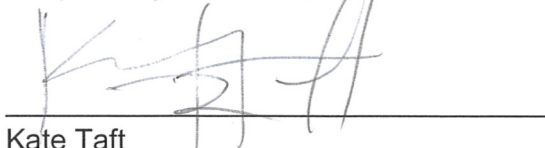
Owner(s)

Kate Taft, Administrative Services

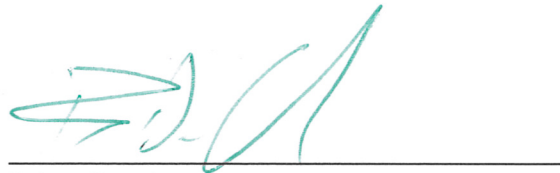
Attachments

Sustainability Report Card and 2018 Summary

Respectfully submitted,



Kate Taft
Sustainability Manager



Brian Good
Chief Administrative Officer