

AGENDA

Denver Board of Water Commissioners

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

Wednesday, February 26, 2020 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** Chris Piper 5 minutes

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. Reappointment to the Citizen Advisory Committee Environmental Representative

B. Individual Approval Items

1. Denver Water Operating Rules
Chapter 15 Update

2. Northwater Treatment Plant
Project Update

- | | | |
|---|-----------------|------------|
| a. NTP Redesign and
Construction Oversight
Amendments – Contract
501471 and 501682 | Peter McCormick | 15 Minutes |
| b. Architectural and HVAC Work
Package GMP 7 – Contract
504226 | | |

III. POLICY MATTERS

- | | | |
|----------------------------------|------------------|------------|
| A. Lead Reduction Program Update | Alexis Woodrow | 10 minutes |
| B. IT Strategy Update | Virginia Roberts | 20 minutes |

IV. EXECUTIVE UPDATE

A. CEO Update

B. CFO Update

- | | | |
|-----------------------------|-----------------|-----------|
| 1. Monthly Financial Update | Angela Bricmont | 5 minutes |
|-----------------------------|-----------------|-----------|

C. Operations Update

V. BRIEFING PAPERS & REPORTS

A. Briefing Paper

1. Legislative Update
2. Revisions to the Operating Rules

B. Report

VI. ADJOURNMENT

VII. TRUSTEE MATTERS

I. ACTION ITEMS

A. Action Items as Trustee

1. Minutes from January 22, 2020

II. CONSENT ITEMS

A. Consent Items as Trustee

1. I.R.S. Voluntary Correction Program and Delegation of Authority to CEO/Manager

III. INFORMATION ITEMS

A. Information Items as Trustee

- | | | |
|--|--------------------|------------|
| 1. The Employees Retirement Plan – Callan's 4Q 2019 Performance Report | Alexander Browning | 15 minutes |
|--|--------------------|------------|

B. Information Items as Plan Sponsor and or Trustee

1. 4Q 2019 Performance Report and Due Diligence Report for DB Plan for the DB Plan, 401(k) and 457 Plan

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: February 26, 2020

Board Item: II-A-1

Reappointment to the Citizens Advisory Committee Environmental Representative

Action by Consent

Individual Action

Purpose and Background:

Denver Water's Citizens Advisory Committee (CAC) is a 10-member volunteer committee that advises Denver Water staff and the Board of Water Commissioners on a variety of issues while encouraging and coordinating public participation in the organization's policymaking process.

The CAC was created as a result of the 1979 Foothills Agreement that, among other terms of the agreement, required Denver Water to form a citizens group charged with representing public interests in specific categories of stakeholder groups, including an environmental representative. CAC recommends candidates to the Board and the Board has appointing authority for the CAC.

CAC members are appointed for one, three-year term, with the opportunity to serve a second, three-year term if recommended by the CAC and approved by the Board. Rich Newton, an active member in Trout Unlimited, has completed his first term as the CAC's environmental representative and has expressed interest in serving a second term. CAC voted unanimously to recommend Mr. Newton for a second term, which would go through the end of 2022; his biography is attached.

Recommendation:

It is recommended that the Board appoint Rich Newton to a second term as the environmental representative for CAC.

Approvals:

- James S. Lochhead, CEO/Manager
- Julie Anderson, Chief of Staff
- Jessica R. Brody, General Counsel
- Angela C. Bricmont, Chief Financial Officer

- Brian D. Good, Chief Administrative Officer
- Mike King, Chief External Affairs Officer
- Robert J. Mahoney, Chief Engineering Officer
- Thomas J. Roode, Chief Operations Officer

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DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: February 26, 2020

Board Item: II-B-1

Denver Water Operating Rules Chapter 15 Update

Action by Consent

Individual Action

Purpose and Background:

Chapter 15 of Denver Water's Operating Rules historically addressed the drought restrictions available to the Board. The original Chapter 15, and past updates, were written during times of drought-induced water shortages (e.g., 2003). Since 2013, additional drivers for drought and water shortages have been identified, including evolving climate issues and potential Colorado River curtailment. These drivers have necessitated a broader view of drought and water shortage.

The proposed revisions to Chapter 15 provide greater flexibility in adopting water shortage responses. Specifically, these amendments will:

1. Clarify that these rules apply to all forms of water shortages, not just droughts.
2. Identify water shortage indicators for the Board to consider in initiating, evaluating, and adopting a response to a water shortage.
3. State expressly the Board's authority to respond to anticipated water shortages.
4. Clarify and more fully describe a Drought/Water Shortage Watch response.
5. Provide greater flexibility to respond progressively to an ongoing water shortage or worsening water shortage.
6. Reorganize the descriptions of watering restrictions and exemptions in each water shortage response for clarity.
7. Afford greater flexibility to Denver Water staff to consider various factors (e.g., water budgets, source water, public use of an irrigated area, frequency of irrigated area use) when applying restrictions or granting exemptions.

The proposed Chapter 15 revisions have been reviewed by:

- Denver Water's Water Shortage Preparedness Committee.
- Denver Water Distributors.
- Citizens Advisory Committee (See attached letter).
- Grand County (See attached letter).
- Trout Unlimited (See attached letter),
- Learning By Doing Cooperative Effort.

Recommendation:

It is recommended that the Board approve the revisions to Chapter 15 of the Denver Water Operating Rules. If approved, these Rules would go into effect on March 1, 2020.

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Approvals:

- James S. Lochhead, CEO/Manager
- Julie Anderson, Chief of Staff
- Jessica R. Brody, General Counsel
- Angela C. Bricmont, Chief Financial Officer

- Brian D. Good, Chief Administrative Officer
- Mike King, Chief External Affairs Officer
- Robert J. Mahoney, Chief Engineering Officer
- Thomas J. Roode, Chief Operations Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: February 26, 2020

Board Item: II-B-2a

Northwater Treatment Plant Redesign and Construction Oversight Amendments

Action by Consent

Individual Action

Purpose and Background:

The purpose of this board item is to present two contract amendments necessary to advance the Northwater Treatment Plant (NTP) project through the construction phase. In accordance with the NTP objectives, the project planning, design, and construction are being completed in a series of tasks as shown in Table 1.

Table 1: Project Delivery Tasks

Task	Status
Task 1: Mobilization	Complete
Task 2: Design Services Procurement	
Task 3: Preliminary Design	
Task 4A: 30% Design	
Task 4B: Final Design	
Task 5A & 6: Construction Oversight and Transfer of Facility Ownership	In Progress
Task 5B: Construction	In Progress

In May 2019, the Board approved Task 5A and 6 amendments with multiple Design Packages (DPs). In late 2019, the team identified a potential redesign for Moffat Facilities that could reduce water quality risks, mitigate construction safety concerns, and ease future operations. Following alternatives analysis and discussion with key Denver Water Operations and Maintenance and Engineering stakeholders, the proposed redesign was determined to provide the best value long-term solution.

The amendments presented herein include the following:

- Seventh amendment to DP03 Contract 501471 with Carollo Engineers to perform electrical and instrumentation design services associated with the Moffat redesign. This amendment increases Carollo Engineers' Task 5A budget by \$63,060.
- Sixth amendment to DP05 Contract 501682 with AECOM Technical Services, Inc. (AECOM) to perform hydraulics, civil, structural, mechanical, geotechnical, and cathodic protection design services associated with the Moffat redesign. The amendment also includes Engineering Services During Construction (ESDCs) and record drawing preparation associated with the redesign. This amendment increases AECOM's Task 5A and 6 budget by \$570,211.

A portion of the Moffat ESDCs being contracted to AECOM in this amendment was previously contracted to the Owner's Representative (OR), Jacobs Engineering Group, Inc. This scope has been removed from the OR's scope and associated funds in the amount of \$165,230 have been moved into owner contingency, which may not be used without prior approval from Denver Water.

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Budget and Schedule:

The net total amount of these amendments is \$633,271 and the term of the contracts commences February 26, 2020 and ends July 31, 2024. Funds for these contracts will come from the 2020 budget for the NTP business unit, which has sufficient funds to pay the \$467,385 estimated to be needed in 2020. The remaining \$165,886 will be budgeted in years 2021-2024.

Table 2: NTP Amendments Summary

Contract	Contract Number	Amend Number	Firm	Term of Contract (End Date)	Current Contract Value	Proposed Task 5A & 6 Amendment Value	Total Contract Value
DP03	501471	7	Carollo	July 31, 2024	\$12,911,786	\$63,060	\$12,974,846
DP05	501682	6	AECOM	July 31, 2024	\$14,454,055	\$570,211	\$15,024,266
Total						\$633,271	\$27,999,112

For approval 2/26/20
\$633,271

Selection of Business Partner:

Contracts being amended within this board item were originally procured using competitive selection. Competitive selection of all NTP consultants occurred between 2016 and 2019, after which each was contracted for only the initial phase of work. The number of amendments to date for each contract being amended is shown in Table 2.

S/MWBE Information:

Goals were established for each DP contract prior to initiation of procurement, with a composite Minority and Woman-owned Business Enterprise (MWBE) participation goal for design of 4% to 8%. To date, all DP consultant contracts are meeting or exceeding their participation goals. There is a collective 6.5% MWBE participation associated with the amendments in this board item, and MWBE participation on the DP contracts during Tasks 5A and 6 is anticipated to produce a combined participation of 7%, in line with the original design goal.

Recommendation:

It is recommended that the Board approve the amendments to professional services agreements detailed in Table 2 for construction oversight and transfer of facility ownership associated with redesign of the Moffat improvements.

Approvals:

- James S. Lochhead, CEO/Manager
- Julie Anderson, Chief of Staff
- Jessica R. Brody, General Counsel
- Angela C. Bricmont, Chief Financial Officer
- Brian D. Good, Chief Administrative Officer
- Mike King, Chief External Affairs Officer
- Robert J. Mahoney, Chief Engineering Officer
- Thomas J. Roode, Chief Operations Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: February 26, 2020

Board Item: II-B-2b

Architectural and HVAC Work Package GMP 7 for Northwater Treatment Plant Contract 504226

Action by Consent

Individual Action

Purpose and Background:

The purpose of this board item is to execute the Architectural and Heating, Ventilating, and Air Conditioning (HVAC) Work Package (WP), also known as Guaranteed Maximum Price (GMP) 7, under the construction services agreement with Kiewit Infrastructure Co. (Contract 503388) in support of advancing the Northwater Treatment Plant (NTP) project through construction. The work for GMP 7 includes:

- Furnish and install site-wide architectural, HVAC, interior plumbing, fire alarm, and fire suppression systems for all facilities.
- Furnish and install the Operations Building, Communications Tower Building, and Guard Station, including foundations and interior finishes.

Budget and Schedule:

The GMP 7 baseline budget is \$33,017,125, which includes an owner contingency of \$1,000,000. The estimate at completion, based on scope shifts from other GMPs that have occurred since the budget was established, is \$37,496,954. The cost of WP 7 is \$38,981,174, which includes owner and contractor contingencies and allowances, which is slightly higher than the estimate at completion. The NTP business unit for 2020 through 2022 includes sufficient funds for GMP 7.

The project's estimated costs at completion remain within the approved project budget.

Contingencies and Allowances:

As part of GMP 7, Kiewit Infrastructure Co. is assuming risks related to subcontractor performance, scope gaps, weather event clean-up, schedule acceleration, material tolerances, procurement delays, safety, and quality, which have been carried as contractor contingency in the amount of \$1,339,200. Risks associated with code and certification changes, staff shortages and relocations, and unaccepted value engineering alternatives have been carried as allowances in the amount of \$413,880.

This results in a total contractor contingency allocated to date of \$14,429,862, leaving \$13,570,138 of unallocated contractor contingency out of an overall \$28,000,000 budget.

Consistent with Contract 503388, Denver Water assumes risks associated with changes required by Authorities Having Jurisdiction, tariffs, owner-directed schedule changes, and owner-directed design changes, for which a \$1,750,000 allocation of owner contingency is requested as part of GMP 7. This allocation results in \$3,313,400 remaining in the original \$20,000,000 owner contingency budget.

Selection of Business Partner:

Kiewit Infrastructure Co. was previously selected through a competitive selection process and contracted through Contract 503388 which was executed by the Board on September 26, 2018. The GMP 7 work was procured through competitive bids and will be completed by PCL Constructors.

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S/MWBE Information:

The Minority and Women-owned Business Enterprise (MWBE) participation goal for GMP 7 is 14.3%. Based on the outcome of bids, MWBE participation is expected to be above the target with participation at 18.3%. NTP remains on track to meet the overall 8% goal for construction.

Recommendation:

It is recommended that the Board approve proposed Contract 504226 with Kiewit Infrastructure Co. for GMP 7 for the contract period of February 26, 2020 to September 30, 2022, with a total not to exceed cost of \$38,981,174 including Owner contingency.

Approvals:

- | | |
|---|--|
| <input checked="" type="checkbox"/> James S. Lochhead, CEO/Manager | <input type="checkbox"/> Brian D. Good, Chief Administrative Officer |
| <input type="checkbox"/> Julie Anderson, Chief of Staff | <input type="checkbox"/> Mike King, Chief External Affairs Officer |
| <input type="checkbox"/> Jessica R. Brody, General Counsel | <input checked="" type="checkbox"/> Robert J. Mahoney, Chief Engineering Officer |
| <input checked="" type="checkbox"/> Angela C. Bricmont, Chief Financial Officer | <input checked="" type="checkbox"/> Thomas J. Roode, Chief Operations Officer |

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: February 26, 2020

Board Item: III-B

Briefing Paper for IT Strategy Update

Strategic Plan Alignment

Lenses: Customer Centric Industry Leader Long-Term View

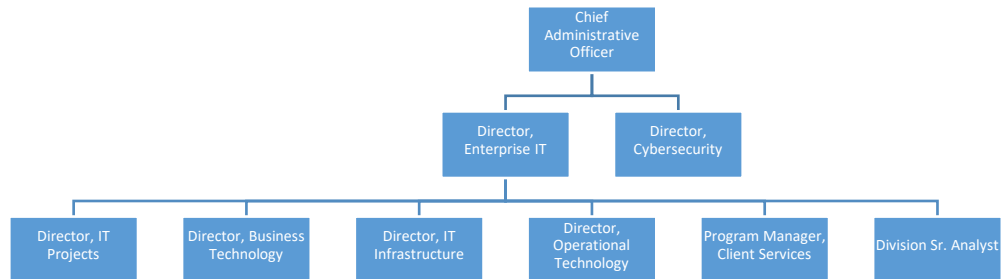
Denver Water's Information Technology (IT) teams play a supportive role in achieving the Denver Water Strategic Plan and the 2020 Business Plan's Top Priority of delivering high quality water and outstanding service to customers through project delivery, application support, and the availability and security of technology infrastructure.

Summary

This paper provides a summary of activities planned in 2020 for IT as a result of initial assessments performed by the new IT leadership structure. Four primary focus areas for improvement are discussed: project performance, cybersecurity maturity, a Supervisory Control and Data Acquisition (SCADA) team workload assessment, and regular strategic planning exercises. Recommendations from a 2017 study conducted by Grant Thornton created a Five-Year Roadmap for a Business Technology Transformation (BTT). Key directives included: a business-driven governance model, projects to replace several business applications with Software-as-a-Service solutions, a gradual reduction of IT spending in certain areas, and further investments in the SCADA system. Many of the recommendations have already been achieved, and continued progress is planned in the focus areas and the annual portfolio of budgeted IT projects.

Approach

Several organizational changes occurred in 2019. IT became a part of the Administrative Services Division after the retirement of the Chief Information Officer. Two new direct reports were moved underneath the Chief Administrative Officer (CAO): the Director of Cybersecurity and a new Director of Enterprise IT. The latter now leads the numerous work groups within IT, including a new Director of IT Projects. The individuals depicted underneath the CAO in the organizational chart below are collectively known as the IT Leadership Team.



The new Director of Enterprise IT spent the last four months conducting a preliminary assessment of the current state and seeking insights from IT employees at all levels. Collaboration with the IT Leadership Team has solidified an awareness of several areas for improvement, cultural change, and set the stage for stronger teamwork. After a Strategic Plan alignment exercise in December, the IT Leadership Team selected four focus areas to begin addressing these needs:

IT Project Performance

The year-end result for this Organizational Dashboard metric in 2019 was 11%, which suggests significant room for improvement. A lack of experience and training in project management for many IT employees tasked with managing projects has been identified as a primary contributor. The IT Project Management Office is expanding its process

documentation and will hold a corresponding multi-part training program this year in response to this need. In addition, several process improvements are underway. Numerous experiences with non- or under-performing IT project vendors in 2019 has prompted plans this year to revise our standard statement of work template for Software-as-a-Service and other technology vendor engagements to clarify expected deliverables and protect Denver Water from exposure.

Initial budget and schedule projections will continue to be provided as a part of annual budget development. New interim review steps in the IT governance process will allow for more thorough planning and design to be completed prior to locking in a schedule and, if necessary, a revised budget. All revisions will be clearly reflected in quarterly performance reporting to the Board in partnership with the Enterprise Project Management Office (EPMO) and Budget Office.

The IT Project Performance metric is a key performance indicator in project governance, and improvements will support the delivery of recommended initiatives on the BTT Five-Year Roadmap.

Cybersecurity Maturity

Denver Water's cybersecurity risks were not fully addressed in the BTT Five-Year Roadmap; however, emerging risks have influenced the prioritization of initiatives and additional investments. Roughly \$1.3M of the current year's IT project budget is allocated to cybersecurity of the business network. An additional \$1.2M is earmarked to obtain expert review and implementation planning of a proposed design for our Supervisory Control and Data Acquisition (SCADA) network. Additionally, IT is working with the cybersecurity team to perform a cybersecurity skills gap assessment of staff. This will serve as a foundation for training plans – and a cultural shift - for the next two years. All IT support teams will also examine their standard work this year to incorporate cybersecurity best practices for new advancement projects and operational work going forward.

Supervisory Control and Data Acquisition Team Workload Assessment

IT will assess its existing staffing capacity on the SCADA team this year to address anticipated changes in demand. A corresponding staffing proposal is expected to follow, which will include a course of action to prevent a lapse in support as many existing employees on this team approach retirement eligibility. This focus area, as well as the aforementioned project for expert review of a SCADA system design, directly support further investments in our SCADA system.

IT Strategic Planning

The IT Leadership Team will create new standard work in 2020 to regularly assess a rolling forecast of IT's focus for the next three years (at minimum). A quarterly exercise will anticipate and plan activities such as: major system upgrades, evaluation of cloud replacements for our alternate data center, and research of new cost saving opportunities. Internal expertise residing in the Enterprise Technology Architecture Group will be leveraged for proof of concept research. The resulting rolling forecast will provide insight into longer-term costs, high-level direction for staffing needs and business case development.

Business Technology Transformation Migration Projects

Progress continues on the Software-as-a-Service migration projects identified on the BTT. Phase I of the Enterprise Resource Planning (ERP) project, myADP, will be completed this summer. An upgrade to our existing enterprise financial system, JD Edwards, will begin in Q1 and is projected to finish by Q4. At that time the discovery process to assess alternatives for replacing JD Edwards (Phase II of the ERP project)

will occur. The upgrade provides us with adequate time to perform this assessment and selection by relieving any urgency to prevent a lapse in vendor support. We anticipate kicking off the replacement project in 2021. Following the originally recommended sequence of projects on the BTT, we will begin looking at a potential Enterprise Asset Management replacement when Phase II of the ERP project is nearing completion.

Project Governance Transition

All project governance established with the creation of the Business Technology Management Office (BTMO) will be merged into the Enterprise Project Management Office (EPMO) in 2020. The business-driven process of evaluating business cases for new technology investments with corresponding value verification will continue to support annual budget development. Quarterly IT project performance reporting will remain centralized through the Budget Office and the EPMO. An EPMO Value Stream is planned to begin this summer to lay foundational work for enterprise-level governance and performance reporting.

Owner(s) Virginia Roberts – Administration

Attachments Business Technology Transformation Five-Year Roadmap Status Report

Respectfully submitted,

Virginia Roberts, Director, Enterprise IT

Brian Good, Chief Administration Officer

Business Technology Transformation Five-Year Roadmap Status Report

STATUS	DELIVERABLES	2017	2018		2019		2020		2021		2022		VARIANCE EXPLANATION
			Q1/Q2	Q3/Q4	Q1/Q2	Q3/Q4	Q1/Q2	Q3/Q4	Q1/Q2	Q3/Q4	Q1/Q2	Q3/Q4	
4.0 Governance													
100%	4.1 Adopt Key Performance Indicators for IT												
100%	4.2 Board Authorization of IT Strategy (8/17)												
100%	4.3 Establish an Executive Oversight Committee												
100%	4.4 Establish a Business Technology Management Office												
100%	4.5 Establish a Value Management Process												
100%	IT Governance Review												
100%	2018 Budget Preparation & Approval												
100%	2019 Budget Development & Capacity Planning												
100%	2020 Budget Development & Capacity Planning												
0%	2021 Budget Development & Capacity Planning												
0%	2022 Budget Development & Capacity Planning												
0%	2023 Budget Development & Capacity Planning												
3.0 Organization													
100%	3.1 Reduce Baseline Capacity for Advancement Projects by 50%-80%												
0%	3.2 Reduce Infrastructure Support as Service-Oriented Solutions Expand	This is an overarching goal supported by continued SaaS migrations and research of additional options.											
100%	3.3 Expand Vendor Management Skillset												<-- Delayed start to RIE in May 2018; Resulting completion plan larger than anticipated.
100%	3.4 Reorganize Business Focused Scrum Teams												
100%	3.5 Reduce Client Support Services Capacity by 25%												
100%	3.6 Invest in GIS Capabilities, Yet Focus Efforts												
2.0 Technology													
13%	2.1 Reduce Spend on Business Applications by 30%	Software spending reduced 13% as of 2019 year-end.											
	2.1.1 Migrate/Replace Enterprise Resource Planning (ERP)												Enhanced GT recommendation to include business process outsourcing of Payroll and Benefits Administration.
90%	Human Capital Management (Business Process Outsourcing & SaaS)												
0%	Enterprise Financial System (SaaS)												
0%	2.1.2 Migrate/Replace Enterprise Asset Management (EAM)												
	2.1.3 Invest in Industrial Control Systems (ICS)	This is an overarching goal supported by the SCADA Domain Redesign project and ICS staffing analysis.											
0%	2.1.4 Adjust and Reassess Business Intelligence (BI)												
100%	2.1.5 Establish Formal Software Asset Management (SAM) Process												Revisions made at second RIE.
100%	2.2 Continue Design & Build of Modular Primary Data Center												<-- Despite unanticipated delays, project completed prior to move to new Admin Building.
0%	2.3 Move Alternate Data Center (Disaster Recovery Site) to Hosted Solution												

Planned Actual Reforecasted

DENVER WATER FINANCIAL REPORT

as of 1/31/20

<i>\$ in thousands</i>	Current Budget	YTD Actuals	Rem. Mo. Forecast	Full Year Forecast	Budget Over/(Under)	Budget Var %	Variance Comments
Water sales	306,147	15,188	290,033	305,220	(926)	-0.3%	
Hydropower	3,872	-	3,729	3,729	(143)	-3.7%	
Special assessments and fees	6,940	472	6,481	6,954	14	0.2%	
Interest income	4,169	380	3,915	4,294	125	3.0%	
Other revenue	8,584	325	8,243	8,568	(16)	-0.2%	
Sale of assets	700	105	642	747	47	6.7%	
SDC revenue and Contributions	38,017	2,266	35,430	37,697	(320)	-0.8%	
TOTAL REVENUE	\$ 368,429	\$ 18,736	\$ 348,473	\$ 367,209	\$ (1,220)	-0.3%	
Proceeds from debt	140,000	-	140,000	140,000	-	0.0%	
TOTAL SOURCES OF FUNDS	\$ 508,429	\$ 18,736	\$ 488,473	\$ 507,209	\$ (1,220)	-0.2%	
Regular wages	87,092	9,390	77,684	87,075	(17)	0.0%	
Limited Term Employee wages	965	63	895	958	(7)	-0.8%	
Seasonal Labor	409	3	408	411	2	0.5%	
Other pay	6,341	900	5,937	6,837	496	7.8%	
Applied labor	(10,003)	(545)	(9,070)	(9,615)	388	-3.9%	
Benefits	44,553	5,215	39,299	44,514	(39)	-0.1%	
Salaries and Benefits	129,358	15,027	115,153	130,180	823	0.6%	
Professional services	10,273	205	9,891	10,097	(176)	-1.7%	
Contingent staffing	1,985	-	1,842	1,842	(143)	-7.2%	
Purchased services	13,120	554	12,681	13,235	115	0.9%	
Construction and field services	4,261	340	3,783	4,124	(137)	-3.2%	
Waste disposal services	1,111	50	1,046	1,096	(15)	-1.4%	
Facility services	4,965	6	4,885	4,891	(74)	-1.5%	
Utilities	8,237	227	7,900	8,127	(110)	-1.3%	
Professional and Purchased Services	43,952	1,382	42,029	43,411	(541)	-1.2%	
Materials and supplies	13,738	958	12,889	13,847	109	0.8%	
Chemicals	5,724	261	5,479	5,740	16	0.3%	
Materials, Supplies, and Chemicals	19,461	1,218	18,368	19,587	125	0.6%	
Travel	661	18	633	650	(11)	-1.6%	
Training	385	32	375	407	22	5.8%	
Conferences Registration	344	25	283	307	(37)	-10.8%	
Travel, Training, and Conferences	1,390	75	1,290	1,365	(26)	-1.8%	
Rents and leases	638	3	598	601	(37)	-5.9%	
Conservation (rebates)	-	-	-	-	-	-	
Other insurance and legal claims	250	-	250	250	-	0.0%	
Misc. expenses	255	(25)	288	263	8	3.2%	
Other Expense	1,143	(22)	1,136	1,114	(29)	-2.6%	
TOTAL OPERATING COSTS w/o PROJECTS	\$ 195,304	\$ 17,680	\$ 177,976	\$ 195,656	\$ 352	0.2%	
Collection	888	7	884	891	3	0.3%	
Distribution	6,570	1	6,500	6,501	(69)	-1.1%	
Expansion	10,701	17	10,658	10,676	(25)	-0.2%	
Information Technology	4,527	76	4,074	4,150	(377)	-8.3%	
Operations Support/Other	2,375	125	2,243	2,368	(7)	-0.3%	
Treatment	1,043	337	653	991	(52)	-5.0%	
Operating Projects (incl. applied labor)	26,104	564	25,012	25,576	(527)	-2.0%	Combined with Capital projects for metric (combined variance is 0.4%)
TOTAL OPERATING COSTS	\$ 221,408	\$ 18,244	\$ 202,989	\$ 221,233	\$ (175)	-0.1%	

DENVER WATER FINANCIAL REPORT

as of 1/31/20

<i>\$ in thousands</i>	Current Budget	YTD Actuals	Rem. Mo. Forecast	Full Year Forecast	Budget Over/(Under)	Budget Var %	Variance Comments
Collection	36,371	165	36,368	36,533	161	0.4%	
Distribution	77,854	3,397	74,596	77,993	139	0.2%	
Expansion	14,166	178	13,840	14,018	(149)	-1.0%	
Information Technology	156	24	156	180	24	15.3%	
Operations Support/Other	14,783	466	16,383	16,850	2,067	14.0%	
Treatment	75,842	607	74,576	75,182	(660)	-0.9%	
TOTAL CAPITAL (incl. applied labor)	\$ 219,173	\$ 4,836	\$ 215,919	\$ 220,755	\$ 1,582	0.7%	Combined with Operating projects for metric (combined variance is 0.4%)
Interest expense	26,243	49	26,194	26,243	0	0.0%	
Principal payments	19,926	1,451	18,475	19,926	(0)	0.0%	
Debt Service	\$ 46,169	\$ 1,500	\$ 44,669	\$ 46,169	\$ (0)	0.0%	
TOTAL USES OF FUNDS	\$ 486,749	\$ 24,580	\$ 463,576	\$ 488,157	\$ 1,407	0.3%	

Metrics

Revenue: +/- 5%

Operating expense categories: +/- 5%

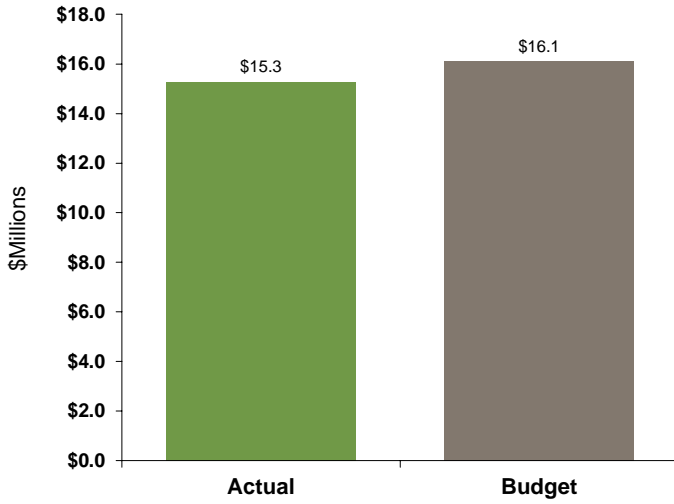
Total Operating w/o Projects: +/- 2%

Operating Projects and Capital Projects: +/- 5% combined

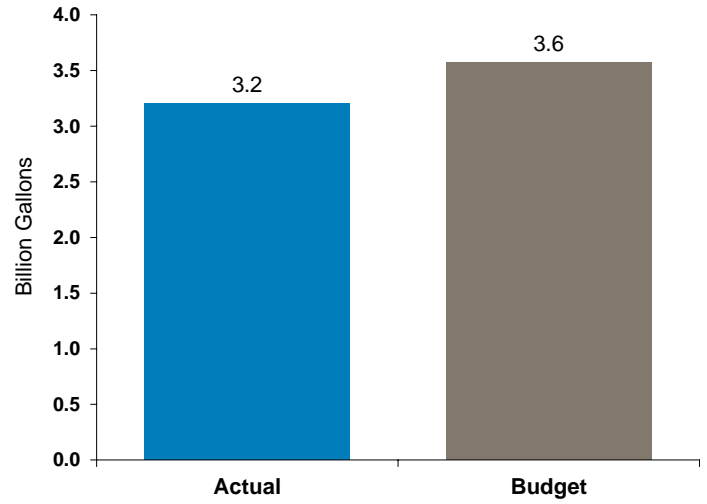
Gray: Items from prior months

Black: Items from current month

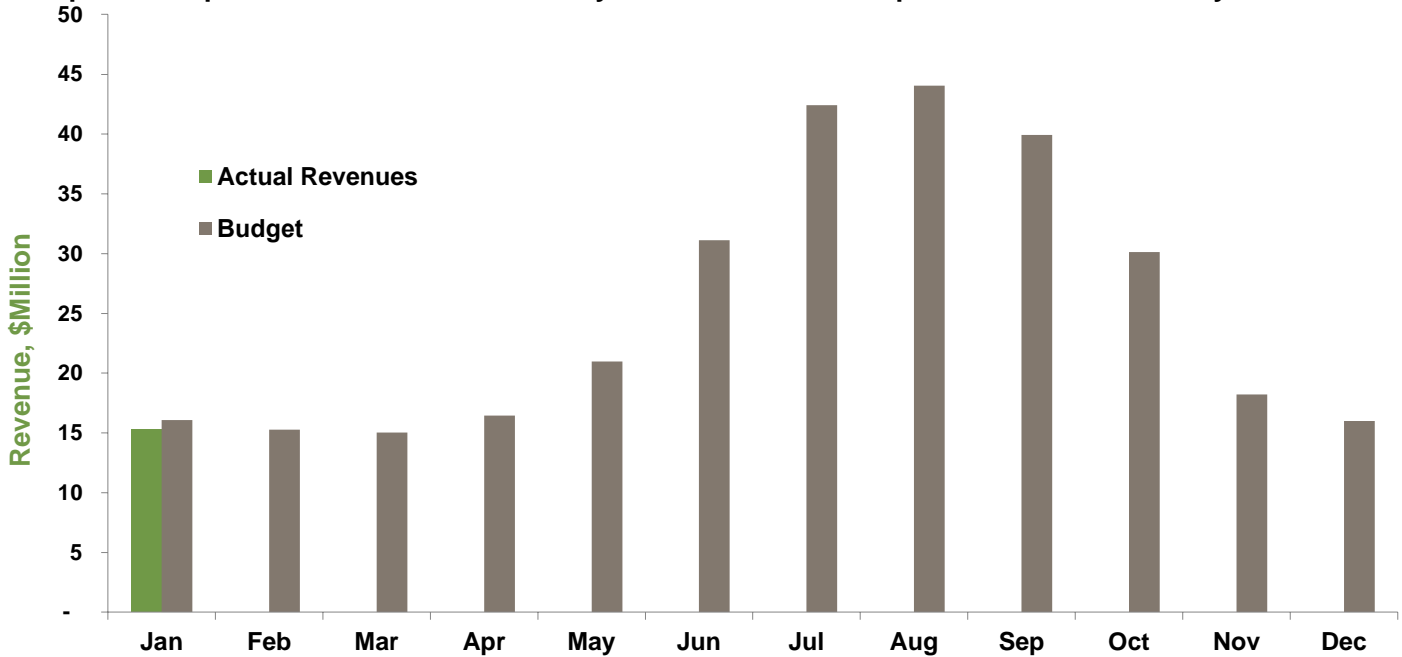
Graph 1: YTD revenue comparison¹



Graph 2: YTD consumption comparison



Graph 3: Comparison of 2020 actual monthly revenue and consumption to forecast monthly revenue



1. The values in this report are based on bill cycle periods which may not correspond with calendar month periods. As a result, the revenue and consumption in this report can vary from the revenue and consumption reported by accounting.

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: February 26, 2020

Board Item: V-A-1

Briefing Paper for Legislative Update

Strategic Plan Alignment

Lenses: Customer Centric Industry Leader Long-Term View
Denver Water's Strategic Plan calls for an organization with satisfied and supportive customers and strategically effective relationships to enhance our trusted reputation. Part of that effort is fostering strong relationships with community leaders as well as government officials at local, regional, state and national levels. Our work at the Colorado Legislature supports our role as a thought leader and allows us to impact policy and regulatory matters that affect the organization.

Summary

As of the drafting of this paper there are 468 bills that have been introduced in the legislature. Denver Water's interest in legislation currently breaks down as follows:

- Tracking 32 bills.
- Supporting six bills.
- Amending one bill.
- Opposing two bills.

In this briefing paper, staff is recommending positions on two bills as outlined in the background section below. I have also included updates on the bills we previously took positions on.

We continue to anticipate the introduction of a "FAMLI" medical leave bill. The business community continues to take the lead in negotiations with the proponents. Currently, the proponents have decided to make the program a market-based solution, through which entities like Pinnacol Assurance, which sells workers compensation plans, could also sell medical leave plans. Now the sides are negotiating over the eligibility levels. A bill on this subject is almost certain to pass as the Governor has indicated that he will support a market-based solution. A bill of this nature will have some impacts on Denver Water.

We continue to watch for Representative Valdez's bill regarding "basin of origin mitigation." He continues to hold on to his draft bill and talks about wanting to do something.

Attached to this paper is a summary table of all the bills we are tracking.

Background

Recommendations on bills:

HB20-1094 Repeal Fee Cap On-site Wastewater Treatment System: Current law requires that a local board of health set the permit fee for on-site wastewater treatment system permits in an amount to recover the actual indirect and direct costs associated with the permit and sets a \$1,000 cap on the fee. The bill repeals the dollar limitation on the fee and the fees may be no greater than required to offset the actual indirect and direct costs of the services. Denver Water operates some septic systems at caretaker's houses and at some of our Two Forks rental properties. Septic systems can adversely affect our watershed, so we recommend supporting the local governments who are responsible for permitting such facilities to ensure they are operating properly. **Recommendation: SUPPORT.**

HB20-1095 Local Governments Water Elements In Master Plans: Current statute states that local governments may include water supply elements in their master plans. In cases when a local government includes a water supply element in their master plan, the bill requires it to include water conservation policies that voluntarily include goals specified in the state water plan. There continues to be precedent and agreement that our water conservation and efficiency plan covers our integrated service area. The bill will likely improve coordination between water planning and land use planning and is in alignment with the Colorado Water Plan's goal to "encourage the incorporation of best management practices in land use for water demand management, water efficiency, and water conservation."
Recommendation: SUPPORT.

Bill updates:

HB20-1004 Assistance Landowner Wildfire Mitigation

- **Position: SUPPORT.**
- I testified in support of this bill and it passed out of the Rural Affairs and Agriculture Committee. I gave examples of how the work we do in this area saves money and protects our watersheds and our leadership on this issue was recognized and greatly appreciated.

HB20-1057 Modify Wildfire Risk Mitigation Grant Program:

- **Position: SUPPORT.**
- I testified in support of this bill and it passed out of the Rural Affairs and Agriculture Committee. I gave examples of how the work we do in this area saves money and protects our watersheds and our leadership on this issue was recognized and greatly appreciated.

HB20-1119 State Government Regulation Of PFAS:

- **Position: OPPOSE unless Amended.**
- Denver Water and many others have offered amendment language to make the bill protective of our operations. The Colorado Department of Public Health and Environment is reviewing those.

HB20-1138 Public Real Property Index:

- **Position: AMMEND then MONITOR.**
- The bill sponsor has agreed to and drafted an amendment that will exempt "municipal utilities" from the bill. This is the amendment we needed. Now we will see the amendment through the committee process.

HB20-1157 Loaned Water For Instream Flows To Improve Environment:

- **Position: SUPPORT.**
- I testified in support of this bill and it passed out of the Rural Affairs and Agriculture Committee. I noted our support for the instream flow program and how it is in line with Denver Water's mission and vision to be a good steward of the environment. I also expressed our appreciation to the sponsors for agreeing to additional protections in the bill that we needed.

SB20-018 Homeless Outreach Programs To Reduce Wildfire Risk:

- **Position: SUPPORT.**
- I testified in support of this bill and it passed out of the Agriculture and Natural Resources Committee. I gave examples of how the work we do in

this area saves money and protects our watersheds and our leadership on this issue was recognized and greatly appreciated.

SB20-048 Study Strengthening Water Anti-Speculation Law:

- **Position: AMEND then MONITOR.**
- Our proposed amendment on this bill would have required a change to the title of the bill, which is procedurally not possible in the legislature. Given that and that this bill requests a study and does not actually change policy, we decided to change our recommendation to MONITOR. We will participate in the workgroup formed by this bill to address our concerns.

SB20-153 Water Resource Financing Enterprise:

- **Recommendation: OPPOSE.**
- I was successful at raising enough opposition to this bill and proposing to the bill sponsor that we all make an effort to ask the Water Resources Review Committee to host discussions on this topic, that he asked to have his bill postponed indefinitely in committee. I was also successful at navigating our position in a way that was respectful to the bill sponsor and preserved our good relationship with him and other members of the committee. I also believe I was able to advance some relationships in this process. In all, this was a really good outcome.

Budget	N/A
Alternatives	N/A
Approach	N/A
Owner(s)	External Affairs
Attachments	Summary Table of 2020 Legislation

Respectfully submitted,

Chris Piper, State Affairs Manager

Mike King, Division Chief

**Summary Table of 2020 Legislation
Through Feb. 14, 2020**

Bill #	Title	Position	Status	Hearing Date	Review Status
HB20-1004	Assistance Landowner Wildfire Mitigation	Support	House Committee on Rural Affairs & Agriculture Refer Amended to Finance (01/27/2020)	2/24/2020	Complete
HB20-1057	Modify Wildfire Risk Mitigation Grant Program	Support	House Second Reading Laid Over Daily - No Amendments (02/13/2020)	2/14/2020	Complete
HB20-1094	Repeal Fee Cap On-site Wastewater Treatment System	Support	Introduced In Senate - Assigned to Agriculture & Natural Resources (02/13/2020)		Complete
HB20-1095	Local Governments Water Elements In Master Plans	Support	Introduced In Senate - Assigned to Agriculture & Natural Resources (02/13/2020)		Complete
HB20-1157	Loaned Water For Instream Flows To Improve Environment	Support	House Committee on Rural Affairs & Agriculture Refer Amended to House Committee of the Whole (02/13/2020)		Complete
SB20-018	Homeless Outreach Programs To Reduce Wildfire Risk	Support	Senate Committee on Finance Refer Unamended to Appropriations (02/11/2020)		Complete
HB20-1138	Public Real Property Index	Amend	Introduced In House - Assigned to Transportation & Local Government + Appropriations (01/16/2020)	2/18/2020	Complete
SB20-153	Water Resource Financing Enterprise	Oppose	Senate Committee on Agriculture & Natural Resources Postpone Indefinitely (02/13/2020)		Complete
HB20-1119	State Government Regulation Of Perfluoroalkyl And Polyfluoroalkyl Substances	Oppose	Introduced In House - Assigned to Energy & Environment (01/15/2020)	3/2/2020	Complete

HB20-1037	Augmentation Of Instream Flows	Monitor	Introduced In Senate - Assigned to Agriculture & Natural Resources (02/03/2020)	2/20/2020	Complete
HB20-1042	PFAS Polyfluoroalkyl Substances Manufacturer Notice Requirements	Monitor	Introduced In Senate - Assigned to Local Government (02/06/2020)		Complete
HB20-1069	Add Water Well Inspectors Identify High-risk Wells	Monitor	House Committee on Finance Refer Amended to Appropriations (02/13/2020)		Complete
HB20-1072	Study Emerging Technologies For Water Management	Monitor	House Committee on Rural Affairs & Agriculture Refer Unamended to Appropriations (01/27/2020)		Complete
HB20-1086	Insurance Coverage Mental Health Wellness Exam	Monitor	House Committee on Health & Insurance Refer Amended to Appropriations (01/29/2020)	2/14/2020	Complete
HB20-1089	Employee Protection Lawful Off-duty Activities	Monitor	Introduced In House - Assigned to Business Affairs & Labor (01/10/2020)	2/19/2020	Complete
HB20-1097	Connected Municipal Use No Change If Already Quantified	Monitor	House Committee on Rural Affairs & Agriculture Postpone Indefinitely (02/13/2020)		Complete
HB20-1143	Environmental Justice And Projects Increase Environmental Fines	Monitor	House Committee on Energy & Environment Refer Amended to Finance (02/10/2020)	2/27/2020	Complete
HB20-1154	Workers' Compensation	Monitor	House Committee on Business Affairs & Labor Refer Unamended to Appropriations (02/12/2020)		In Process
HB20-1159	State Engineer Confirm Existing Use Instream Flow	Monitor	House Second Reading Laid Over Daily - No Amendments (02/13/2020)	2/14/2020	In Process

HB20-1164	Housing Authority Exemptions From Water Fees	Monitor	House Committee on Transportation & Local Government Refer Amended to House Committee of the Whole (02/12/2020)	2/18/2020	Complete
HB20-1172	No Abandonment Of Water Rights For Efficiencies	Monitor	Introduced In House - Assigned to Rural Affairs & Agriculture (01/28/2020)	3/2/2020	In Process
HB20-1180	Protect Pollinators Through Pesticide Regulation	Monitor	Introduced In House - Assigned to Energy & Environment (01/29/2020)	3/5/2020	In Process
HB20-1233	Basic Life Functions In Public Spaces	Monitor	Introduced In House - Assigned to Transportation & Local Government (01/31/2020)	2/26/2020	In Process
HB20-1287	Colorado Rights Act	Monitor	Introduced In House - Assigned to Judiciary + Appropriations (02/04/2020)		In Process
SB20-008	Enhance Penalties Water Quality Criminal Violations	Monitor	Introduced In House - Assigned to Energy & Environment (02/13/2020)		Complete
SB20-012	Transmit Renewable Energy Conservation Easements	Monitor	Senate Committee on Transportation & Energy Postpone Indefinitely (02/04/2020)		In Process
SB20-024	Require Public Input On Water Demand Management Program	Monitor	Senate Committee on Agriculture & Natural Resources Postpone Indefinitely (01/30/2020)		Complete
SB20-025	Conservancy District Boards Art And Beautification Projects	Monitor	Introduced In House - Assigned to Rural Affairs & Agriculture (01/31/2020)	2/24/2020	In Process
SB20-026	Workers' Compensation For Audible Psychological Trauma	Monitor	Introduced In House - Assigned to Business Affairs & Labor (02/06/2020)	3/10/2020	In Process

SB20-048	Study Strengthening Water Anti-speculation Law	Monitor	Introduced In House - Assigned to Rural Affairs & Agriculture (01/31/2020)	2/27/2020	Complete
SB20-155	Keep Presumption Noninjury Well On Divided Land	Monitor	Senate Committee on Agriculture & Natural Resources Refer Unamended - Consent Calendar to Senate Committee of the Whole (02/13/2020)		In Process
SB20-159	Global Warming Potential For Public Project Materials	Monitor	Introduced In Senate - Assigned to Transportation & Energy (02/04/2020)	2/25/2020	In Process

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: February 26, 2020

Board Item: V-A-2

Briefing Paper for Revisions to the Operating Rules

Strategic Plan Alignment

Lenses: Customer Centric Industry Leader Long-Term View

Denver Water's Operating Rules help inform business decisions for daily operations while aiming to achieve consistency and clarity for staff and customers. This briefing paper describes the proposed revisions to Denver Water's Operating Rules.

Summary

In addition to correcting some typographical errors missed in previous revisions, the following revisions are being recommended:

- Revise "Service Charge" to "Fixed Monthly Charge" for consistency in terms and to match verbiage on customers' water bills.
- Revise Rule 2.07.6 System Development Charge Credits When Water Service Modified. We recommend wording to clarify that when redevelopment occurs, System Development Charges will be required when there is any increase in demand as a result of the redevelopment.
- Revise 2.11.3 (c) to replace term "reinstatement" with "reactivation" for consistency with terms in the Operating Rules.
- Revise 2.12.2 (e) to clarify for staff and customers that after 5 years of inactivity, a new License and payment of SDCs is required to establish water service. While Denver Water has the authority to deactivate a License due to inactivity, there is currently no timeframe stated in the Rules that specify the length of inactivity. This detail will clarify interpretation of the Rule.
- Add Rule 6.04.6 Disputed Charges. Adding provision to limit the amount of time in which customers can challenge charges or rates to 1 year. No previous limitations have been established.
- Revise 9.02.3 for consistency with proposed changes that once a tap is cut, a new License is required.

Background

Denver Water staff periodically reviews Denver Water Operating Rules to ensure the necessary business rules are consistent and provide guidelines in which to conduct daily business activities. A few of the proposed changes will also align processes as the Accelerated Lead Service Line Replacement Program activities begin.

Approach

A team of employees from Sales Administration, Customer Care, Finance, and the Office of General Counsel collaborated on the revisions. The proposed revisions have also been reviewed and approved by Denver Water's Distributors. We will seek approval at the Board Meeting on March 11, 2020.

Owner(s)

Lyndsay Schulz, Customer Relations

Attachments

2020 - Operating Rules 02-26-2020

Respectfully submitted,

Lyndsay Schulz, Customer Relations Manager Mike King, Chief External Affairs Officer