

# AGENDA

## Denver Board of Water Commissioners

Video Conference: <http://zoom.us/join>, Meeting ID: 923 5176 6527 - Passcode: 118424 or

Dial in (669) 900-6833 - Meeting ID: 923 5176 6527 - Passcode: 118424

**Wednesday, May 12, 2021 9:00 a.m.**

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### 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. The Commitment Award – CDPHE – Water Quality Control Division

#### D. Legislative Update      Lauren Morales      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. Minutes from April 14, 2021
2. Minutes from April 28, 2021
3. Conduit No. 39 Tap Removals – Contract 504356
4. Amendment to Board Bylaws
5. Twenty-third Authorization for Additional Contract Funds for Oracle America – Contract 500125

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**B. Individual Approval Items**

1. 2021 Harriman Raw Water Ditch Rates	Renee Davis	5 minutes
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**III. POLICY MATTERS**

A. Q1 Performance Report	Stephanie Abram	15 minutes
B. Enterprise Project Management Office Update	Jennifer Stokes	10 minutes
C. IT Strategy Update	Virginia Roberts	10 minutes
D. 2021 Insurance Program	Alicia Glover-Rendahl, Marsh	20 minutes
E. Watershed Health Plan	Alison Witheridge	10 minutes
F. Colorado River Update	Rick Marsicek	10 minutes

**IV. EXECUTIVE UPDATE**

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

**V. BRIEFING PAPERS & REPORTS**

**A. Briefing Paper**

- 1. IT Strategy Update
- 2. Insurance Strategy
- 3. Watershed Planning Program Organizational Strategy

**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: May 12, 2021

Board Item: II-A-3

## Conduit No. 39 Tap Removals Contract 504356

Action by Consent

Individual Action

### **Purpose and Background:**

Conduit No. 39, which runs from East 6th Avenue and Washington Street to 1st Avenue and Clayton Lane, has 12 residential and irrigational taps in the project boundary. The goal of this project is to remove service lines from the conduit and reinstall on a new 8-inch main including replacement of six residential lead service lines. The existence of services on a transmission conduit presents many operational constraints including the need to put customers on bypass if the conduit is taken out of service. This project will install a new 8-inch PVC main, transfer customer services to the new main and allow the abandonment of the aging conduit between Marion Street and Clayton Lane.

### **Budget and Schedule:**

The total amount of this contract is \$1,430,000 and the term of the contract is May 12, 2021 through November 15, 2021. Funds for this contract will come from the 2021 budget, \$1,295,809, for Conduit No. 39 Tap Removals business unit, which does not have sufficient funds to pay the \$1,520,000 estimated to be needed for internal labor and contractor payments in 2021. A project budget adjustment in the amount of \$224,191 is recommended by the Systems and Programs Managers.

### **Selection of Business Partner:**

Denver Water solicited bids from six general contractors on the prequalified contractor list under the Civil Pipelines discipline. This contract was a restricted bid process using invitations to bid on the QuestCDN platform. On April 27, 2021, bids were received from four general contractors. T. Lowell Construction, Inc. was selected based on the lowest cost bid.

### **S/MWBE Information:**

The Minority and Women-owned Business Enterprise goal established for this project is 5% participation. T. Lowell Construction, Inc. has proposed 5% participation.

### **Recommendation:**

Staff recommends that the Board approve Contract 504356 with T. Lowell Construction, Inc. for Conduit No. 39 Tap Removals for the contract period May 13, 2021 through November 15, 2021 for a total contract amount not to exceed \$1,430,000.

### **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 type="checkbox"/> Thomas J. Roode, Chief Operations Officer               |

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# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 12, 2021

Board Item: II-A-4

## Amendment to Board Bylaws

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Action by Consent

Individual Action

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### **Purpose and Background:**

The primary purpose of this amendment to the Board Bylaws is to conform the bylaws to the Board's current practice and terminology. In addition, changes in Article II would add more detail to the role of the President and better distinguish the role of the First Vice President from that of the other Vice Presidents. Updates to the gifts provision in paragraph 3.3 would incorporate into the Board Bylaws changes the Board made to the Personnel Policies ethics provision in December 2020.

### **Recommendation:**

Staff recommends that the Board approve the Amendments to the Board Bylaws as described herein and as reflected in the attached markup of the bylaws.

### **Approvals:**

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

# BYLAWS OF THE DENVER BOARD OF WATER COMMISSIONERS

REENACTED FEBRUARY 9, 2005

## ARTICLE 1 - MEETINGS

1.1. Annual Meeting. The Annual Meeting of the Board shall be held at the first meeting in December of each year at 9:~~45~~50 a.m., unless a different time and date is set by action of the Board taken at a Regular Meeting at least two weeks prior to the first meeting in December. The order of business at the Annual Meeting shall be the election of officers as required in Article II.

1.2. Regular Meetings. The Regular Meetings of the Board shall be held on the second and fourth Wednesdays of each month commencing at 9:~~45~~50 a.m., unless the Board sets a different time and date at the next prior Regular Meeting.

1.3. ~~Study Sessions~~Board Workshops. ~~At one of the Regular Meetings of the Board each month, all or part of the meeting may be conducted as a Study Session, primarily devoted to the examination of~~ From time to time, the Board may participate in Board Workshops to study particular topics ~~that do not require any formal action by the Board.~~ No formal Board action shall be taken at any Study Session, will be taken by the Board in a Board Workshop, so and therefore minutes of the session will not be required. The public is welcome to attend ~~Board Workshops~~Study Sessions, but public comment ordinarily will not be taken.

1.4. Special Meetings. Special Meetings of the Board shall be held whenever the President or a majority of the Board shall deem necessary to transact limited business that cannot otherwise be conducted in a timely manner.

1.5. Open Meetings. All Regular Meetings and, Special Meetings and Study Sessions of the Board, as well as Board Workshops, shall be open to the public and shall comply with the provisions of the Open Meetings Article of the Denver Revised Municipal Code, §§ 2-31 et seq., D.R.M.C.

1.6. Public Notice of Meetings. Regular Meetings, Special Meetings and Study Sessions~~Board Workshops~~ shall be held only if notice of the meeting has been posted in the public places designated by the Board for at least twenty-four hours prior to the holding of the meeting. At its first meeting in January, the Board shall designate the public places for posting such notice. The schedule of Regular Meetings may be posted for the entire calendar year. The posted notice shall include instructions about Internet access to specific agenda information.

Amended June 21, 2006  
November 8, 2006  
December 13, 2006  
December 7, 2011  
December 5, 2018

1.7. Location of Meeting. All meetings of the Board shall be held in the Board Room, 1600 West 12<sup>th</sup> Avenue, Denver, Colorado, unless otherwise specified in the public notice of the meeting required in paragraph 6.

1.8. Attendance. In case a Board member finds that he or she will be unable to attend a meeting, the member shall so notify the Secretary of the Board prior to the meeting, stating the reason for such member's inability to attend the meeting. If necessary to establish a quorum, a member may attend a Regular or Special Meeting by electronic means, including a speaker phone or a videoconferencing device, which permits two-way instantaneous communication between the absent member and those attending the meeting in person.

1.9. Quorum. Three members of the Board shall constitute a quorum, and three votes shall be necessary for the Board to take any formal action.

1.10. Lack of a Quorum. Any Regular or Special Meeting may be recessed for lack of a quorum, by announcement of the President or First Vice President, or their designee, made at the time and place the meeting was scheduled to be held, to reconvene at a time and place specified in the announcement. [Study Sessions](#)[Board Workshops](#) do not require a quorum to be present.

1.11. Agenda. The Manager ~~may~~ shall prepare and circulate to the members of the Board, at least 48 hours before any Regular or Special Meeting or [Board Workshop](#)~~Study Session~~, an agenda of the matters which the Manager anticipates will be presented for Board action or discussion at such meeting. The agenda shall be accompanied by a brief description of the substance of each matter listed. Copies of the agenda and the descriptions shall be available on Denver Water's web site, [DenverWater.org](http://DenverWater.org). Any attachments to the descriptions of agenda items need not be included in the web posting, but shall be available for inspection and copying upon request to the Manager's Office at the Administration Building of Denver Water.

The agenda may include as "Consent Items" matters for action that the Manager deems routine and non-controversial. The Consent Items may be approved as a group upon a single motion, but any matter shall be acted upon separately at the request of any member of the Board made prior to the vote on such Consent Items.

1.12. Minutes. Written minutes of any Regular Meeting or Special Meeting shall be taken and promptly recorded. Once the Board has approved such minutes at a subsequent meeting, the minutes shall be placed in the Secretary's File and be available for public access.

1.13. Public Comment. At the Board's discretion, public comment may be permitted at the beginning of each Regular Meeting, as indicated on the agenda, when members of the public may be allowed to comment on any matters not on the agenda for that

meeting. In addition, the Board may allow members of the public to comment or ask questions on items on the agenda as each item is brought up for Board action. If public comment is permitted, either generally or on an agenda item, individuals will be allowed a maximum of three minutes to speak, and the total amount of time spent on public comments on any item shall not exceed thirty minutes, unless the Board specifically grants permission to a speaker to speak for more than three minutes or grants more than thirty minutes total time to be spent on an item.

## ARTICLE II - OFFICERS

2.1. Election. The officers of the Board shall be a President, a First Vice President, three Vice Presidents, a Secretary and six Assistant Secretaries. All such officers shall be elected at the Annual Meeting of the Board and shall serve for a period of one year, and until their successors shall have been elected and enter upon the discharge of their duties, unless sooner removed by the Board. In case one or more of such offices shall be vacant for any reason, the Board may, at any meeting, fill such vacancy.

2.22. President. The President shall be a member of the Board; shall preside at all meetings of the Board; and shall sign all bonds, agreements, contracts, and other instruments authorized by or affecting the rights and duties of the Board. The President shall also facilitate Board direction and communications by working directly with the CEO/Manager and shall be responsible for the compilation and delivery of the CEO/Manager's annual performance review.

2.3 First Vice President. The First Vice President shall be a member of the Board. In the event of a vacancy in the office of the President or the absence or refusal or inability of the President to act, the First Vice President may shall perform allany of the duties of the President.

2.34. Vice Presidents. The Vice Presidents shall be members of the Board. ~~In the event of a vacancy in the office of the President or the absence or refusal or inability of the President to act, the First Vice President may perform any of the duties of the President.~~ In the event of the unavailability of both the President and First Vice President, any of the other Vice Presidents may perform the duties of the President. Upon the request of the President, a Vice President may perform such of the duties of the President as the President may indicate.

2.45. Secretary. The Secretary shall be an employee of the Board. It shall be the duty of the Secretary to keep accurate minutes of the proceedings of the Board; to attest and affix the Seal of the Board to instruments requiring the signature of the President, except bonds; and to perform such other duties as may be assigned by the Board.

2.56. Assistant Secretaries. Assistant Secretaries shall be employees of the Board. In the event of a vacancy in the office of Secretary or in the event of the absence, refusal



or inability of the Secretary to act, any one of the Assistant Secretaries may perform any of the duties of the Secretary.

### ARTICLE III – CODE OF ETHICS

3.1. Duty to Act in the Public Interest. Public service is a public trust. Members of the Board are expected to fulfill their public duties faithfully and honestly and to subordinate any private interest that conflicts with the public interest. In carrying out their official duties, Board members should avoid not only actual impropriety but also the appearance of impropriety. Board members must avoid actions that depart from the faithful and impartial discharge of their public duties.

3.2. Conflict of Interest. A Board member may not take action on any matter that creates a substantial conflict of interest with the member's public duty. A conflict is substantial when it is reasonably probable that it might tend to affect the judgment or actions of the Board member in the performance of official duties. A Board member who has a conflict of interest in any matter proposed or pending before the Board shall disclose such interest to the Board; shall not discuss or vote on the matter; and shall refrain from attempting to influence the votes of other Board members and the decisions of Denver Water employees in acting on the matter.

3.3 Gifts. A Board member shall not solicit, accept, or receive from an outside party any gift, or other thing of substantial value related to the member's service on the Board that would tend improperly to influence a reasonable person in the Board member's position to depart from the faithful and impartial discharge of the Board member's public official duties. The following are not prohibited by this section, so long as there is no connection, express or implied, between the gift and any official action by a Board member:

- (a) Unsolicited nonpecuniary gifts valued at \$25 or less than the current adjusted gift ban limit set by the Independent Ethics Commission established under the Colorado Constitution, such as pens, calendars, mugs, flowers, articles of clothing, or other similar items.
- (b) Nonpecuniary awards publicly presented in recognition of public service.
- (c) Gifts on special and infrequent occasions, such as weddings, funerals or illnesses, if the gift is appropriate to the occasion.
- (d) Payment or reimbursement for actual and necessary expenses for attendance at a convention or meeting at which the Board member is scheduled to participate in a formal role.

(e) Admission to a conference, social function, or meeting if the Board member is invited-attending in an official, ~~representative~~ capacity as a Denver Water representative, and goods or services similarly available to all attendees at a conference, social function, or meeting, including prizes awarded from random drawings.

(f) Unsolicited items of perishable or nonpermanent value, including tickets to events and meals, so long as the gift is reasonable under the circumstances.

3.4 Donations. A Board member may not initiate or request the use of Denver Water funds for donations to nongovernmental entities, including sponsorships and memberships. Board members who receive requests for such donations may refer the requestor to Denver Water's application process.

#### **ARTICLE IV – PARLIAMENTARY PROCEDURE**

4.1. Roberts' Rules of Order is hereby adopted as the guide for parliamentary procedures for Board meetings.

#### **ARTICLE V - SEAL**

5.1. The Seal of the Board shall bear the word "Seal" in the center, the words "Board of Water Commissioners, City and County of Denver" in a circle around the edge, and shall contain a sketch of a dam and reservoir with a background of mountains. The following is an impression of the Seal:

#### **ARTICLE VI – AMENDMENT OF BYLAWS**

6.1. These Bylaws may be amended or repealed by a vote of three Board members at any Regular Meeting of the Board, provided that public notice consistent with paragraph 6 of Article I has been provided.

#### **ARTICLE VII - PURPOSE**

7.1. These Bylaws are adopted by the Board for the sole purpose of facilitating the discharge, in an orderly manner, of the duties imposed upon the Board by the people of the City and County of Denver in Article X of the Charter of the City and County of Denver. Nothing in these Bylaws shall be construed as modifying any power, duty, responsibility, or limitation imposed upon the Board of Water Commissioners or any of the members thereof by the Charter of the City and County of Denver. These Bylaws

Amended June 21, 2006  
November 8, 2006  
December 13, 2006  
December 7, 2011  
December 5, 2018

shall never be construed in such a way as to impair the efficient operation of the water works system and plant under the control of the Board.

Amended June 21, 2006  
November 8, 2006  
December 13, 2006  
December 7, 2011  
December 5, 2018

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 12, 2021

Board Item: II-A-5

## Twenty-third Authorization for Additional Contract Funds for Oracle America Inc. Contract 500125

Action by Consent

Individual Action

### **Purpose and Background:**

Oracle's Relational DataBase Management Systems (RDBMS) software is the data repository for several of Denver Water's key systems including Customer Care and Billing, Maximo (asset management), JDE (finance and contracts) and GIS (Geographic Information Systems). Several of these systems are only compatible with Oracle databases. This software provides an interface between users, applications, the database as well as administrative functions for managing data storage, access, and performance. Contract 500125, for Oracle software maintenance and support, renews and requires additional funding annually. The contract provides Denver Water the right to use the Oracle software, critical security updates, upgrades, and support. This Twenty-third Authorization will add funds for renewal period June 2, 2021 through June 1, 2022.

### **Budget and Schedule:**

The requested authorization amount of \$454,904.70 will increase the total amount of this contract to \$4,828,893.14 and the term of the contract is May 31, 2021 through June 1, 2022. Funds for this contract will come from the 2021 approved budget and 2022 proposed budget for IT Infrastructure and Technology. Two quarterly payments of \$113,726.18 will be paid in 2021 and two quarterly payments of \$113,726.17 will be paid in 2022.

### **S/MWBE Information:**

S/MWBE is not applicable for this item.

### **Recommendation:**

Staff recommends that the Board approve the Twenty-third authorization to Contract 500125 with Oracle America Inc. for technical support services for an extension of the contract period through June 1, 2022 and for an addition of \$454,904.70 for a total amended contract amount not to exceed \$4,828,893.14.

### **Approvals:**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> James S. Lochhead, CEO/Manager              | <input checked="" 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 type="checkbox"/> Robert J. Mahoney, Chief Engineering Officer           |
| <input checked="" type="checkbox"/> Angela C. Bricmont, Chief Financial Officer | <input type="checkbox"/> Thomas J. Roode, Chief Operations Officer              |

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# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 12, 2021

Board Item: II-B-1

## 2021 Harriman Raw Water Ditch Rates

Action by Consent

Individual Action

### **Purpose and Background:**

We recommend increasing the annual ditch rate for Harriman Reservoir water from \$41.57 to \$114.33 per inch right, or approximately \$0.46 per thousand gallons, to meet the costs associated with delivering water through the Harriman Reservoir. This increase is driven by increasing Operations & Maintenance (O&M) costs in 2020, which included sediment removal and vault cleanout.

Harriman Reservoir and dam is located on the southwest corner of South Kipling Parkway and West Quincy Avenue in Littleton in Harriman Lake Park. Denver Water owns and operates the reservoir and uses it to deliver irrigation water to six customers:

- Colorado Academy
- Fort Logan National Cemetery
- Mount View School
- Federal Corrections Center
- Pinehurst Country Club
- Jefferson County Schools

Each of the owners has rights for a share of the annual yield of Harriman Reservoir water. The yield varies by owner. Customer shares currently account for 75% of Harriman Reservoir's annual yield. Denver Water retains the remaining 25%.

The dam was rehabilitated in 2014 to meet the Colorado State Engineers Office's regulatory requirements and, in the process, it was restored to its full storage capacity. Total project cost was approximately \$4.5 million. Approximately 75% of the dam construction costs are shared across all customers based on their proportionate share of rights to use the water. Denver Water paid the remaining costs.

Denver Water uses the utility method to calculate revenue requirements for Harriman Rates. The utility method calculates rate revenue requirements by adding annual operations and maintenance costs, annual depreciation of assets, as well as a rate of return on assets. There are two rates charged to the customers. The first is the annual rate, which covers annual O&M expenses and capital costs not associated with the dam rehabilitation. The second charge is the dam rehabilitation rate which covers the capital costs associated with the 2014 dam rehabilitation. This rate varies by customer based on the capital contributions they provided for the project. Changes to the dam project rehabilitation rate are based on the individual customers' shares and contributions. Depreciation is considered, and for this reason, the project rate will decrease somewhat.

The increase to the annual rate will generate an additional \$21,750.21 over last year. The increase in the annual bill will be between 7.2% and 8.1%, with the exceptions of the Federal Corrections Center and Pinehurst Country Club, which will see larger increases, but lower annual bills than other Harriman customers, due to the fact they have paid off their portion of the dam rehabilitation early.

### **Budget and Schedule:**

The increase to the annual rate will generate an additional \$21,750.21 over the next 12 months.

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**Recommendation:**

Staff recommends increasing the annual rate from \$41.57 to \$114.33 per inch right, effective immediately.

**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

## Briefing Paper for IT Strategy Update

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### 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 2021 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

Significant benefits to Denver Water were achieved by following the Business Technology Transformation (BTT) Roadmap. A pause to budgetary spending caused by the pandemic provides an opportunity to pivot Denver Water's IT strategy to accommodate the rapid pace of technological change and organizational need. The BTT Roadmap will be replaced with a more flexible rolling forecast of IT initiatives shaped by foundational components described in this paper.

### Background

Denver Water conducted an IT strategy review four years ago (2017) with the external consulting firm Grant Thornton. The resulting report contained a collection of recommendations in the areas of governance, organizational staffing, and technology. A corresponding Business Technology Transformation (BTT) Roadmap was created. Changes in top-level leadership for IT and the Information Security Office (ISO) occurred in 2019. A cybersecurity strategy established in 2019 laid the foundation for initiatives not previously included in the BTT Roadmap.

### Approach

#### Business Technology Transformation Roadmap Status

The changes and process improvements made by completing many of the consultant recommendations were of great benefit to Denver Water. Strong governance processes now drive business-driven decisions and budget forecasting. Organizational staffing changes were made to focus resources on high-value work to support operations in a future to include more vendor relationships. Software vendor negotiations, coupled with elimination opportunities, reduced software spend by the proposed target. Finally, the first step in a series of impactful migrations of existing software systems to Software-as-a-Service (SaaS) solutions occurred with the ADP payroll and human capital management project.

Precautionary budgetary reductions made in 2020-21 to mitigate pandemic and drought risks delayed the start of several remaining items on the BTT Roadmap. This pause provides a timely opportunity to acknowledge the rapid pace of change in external technology markets and evolving organizational needs within Denver Water. The BTT Roadmap has been closed and will be replaced with a more flexible strategic planning approach.

#### The Path Forward for IT Strategy

A cyclical planning process will allow for adaptation as organizational needs evolve and as external market forces influence availability of options and cost. The IT leadership team initiated a process for creating and refreshing a long-term three-year IT forecast of initiatives in 2020. IT will work with the Budget Office and the Enterprise Project Management Office to leverage this process to refresh a rolling

three-year forecast each year to inform budgetary planning. At this time, several major strategic components will inform this rolling three-year forecast:

- Cybersecurity Maturity Roadmap: Denver Water's IT and Information Security Office teams continue to work together closely to achieve a target cybersecurity maturity score. This critical investment of projects, organizational changes, and training was not included in Grant Thornton's recommendations.
- Revised SaaS Migration Roadmap: The next enterprise software system in the sequence originally recommended on the BTT Roadmap may not be the best choice for Denver Water. An iterative process will be created to re-forecast the planned sequence as each individual migration project wraps up. The next migration project will be targeted for a 2023 start date.
- SCADA Master Plan: IT is working with other groups across the organization to create standards and principles for maintenance and upgrades to industrial control systems used at treatment plants and in the water distribution system.

#### IT Project Performance

The IT Project Management Office has set a goal to achieve at least a 50% IT Project Performance metric for project execution in 2021. This is the first of several interim annual goals to achieve a long-term target metric of 85%. The path to goal achievement includes attention to staffing, training, and continued refinement of IT's capacity planning model and tools.

#### **Owner(s)**

Virginia Roberts - Administration

#### **Attachments**

Supplemental materials include:

- Business Technology Transformation Roadmap Status Report
- IT Strategy Update (presentation slides)

Respectfully submitted,

Virginia Roberts, Director, Enterprise IT

Brian Good, Chief Administration Officer



# Business Technology Transformation Roadmap Status Report

STATUS	DELIVERABLES	COMMENTS
<b>4.0 Governance</b>		
✓	4.1 Adopt Key Performance Indicators for IT	
✓	4.2 Board Authorization of IT Strategy	
✓	4.3 Establish an Executive Oversight Committee	
✓	4.4 Establish a Business Technology Management Office	
✓	4.5 Establish a Value Management Process	
<b>3.0 Organization</b>		
✓	3.1 Reduce Baseline Capacity for Advancement Projects by 50%-80%	
Continue to Assess	3.2 Reduce Infrastructure Support as Service-Oriented Solutions Expand	Recommendation was to determine appropriate staffing levels using a phased approach dependent on SaaS migrations. Will assess as each subsequent SaaS migration occurs.
✓	3.3 Expand Vendor Management Skillset	
✓	3.4 Reorganize Business Focused Scrum Teams	
✓	3.5 Reduce Client Support Services Capacity by 25%	
✓	3.6 Invest in GIS Capabilities, Yet Focus Efforts	
<b>2.0 Technology</b>		
Continue to Assess	2.1 Reduce Spend on Business Applications by 30%	A 33% reduction achieved in 2018-19 based on \$7.4M starting point cited in GT's report. Changing organizational needs and market forces reverted the reduction back to 21% in 2020. Established business-driven governance will be utilized to justify future growth and savings opportunities.
n/a	2.1.1 Migrate/Replace Enterprise Resource Planning (ERP)	Changing organizational needs divided the solution into two separate initiatives and software systems.
✓	Human Capital Management (Business Process Outsourcing & SaaS)	
	Enterprise Financial System (SaaS)	Remaining recommended sequence delayed as a budgetary precaution for pandemic and drought risks. Will reassess sequence and selections for best fit to DW needs.
	2.1.2 Migrate/Replace Enterprise Asset Management (EAM)	
	2.1.4 Adjust and Reassess Business Intelligence (BI)	
Continue to Assess	2.1.3 Invest in Industrial Control Systems (ICS)	SCADA Domain Redesign, SCADA Standards Development projects underway; SCADA Master Plan creation initiated.
✓	2.1.5 Establish Formal Software Asset Management (SAM) Process	
✓	2.2 Continue Design & Build of Modular Primary Data Center	
Continue to Assess	2.3 Assess Moving Alternate Data Center (Disaster Recovery Site) to Hosted Solution	Recommendation to analyze this option is planned in the IT Rolling Long-Term Forecast.

SaaS migrations

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 12, 2021

Board Item: V-A-2

## Briefing Paper for Insurance Strategy

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### Strategic Plan Alignment

Lenses:  Customer Centric  Industry Leader  Long-Term View  
An analysis and evaluation of our insurance strategies link directly with the goal under Excellent Operations that states, "We are driven to continuously improve in everything we do. We use standard work, work plans, asset and risk management practices, metrics and operation reporting to effectively and efficiently manage the business".

### Summary

Denver Water's insurance broker/advisor, Marsh, competitively markets insurance requirements every three years or sooner if favorable market conditions exist. Because insurance policies need to be renewed annually, Marsh provides recommendations to renew or replace policies expiring on June 1, 2021. The purpose of this briefing paper is to provide information on our current insurance policies, trend in the markets, and anticipated changes to our pricing and coverage. Staff will present recommended changes to the Board on May 26, 2021.

### Background

Denver Water hired Marsh through a competitive bid to advise staff on insurance requirements and appropriate coverage and deductible amounts. Marsh bids the requirements, provides contract-related insurance advice, assists in settling insurance claims, alerts Denver Water of self-insurance opportunities and helps staff analyze changes. Factored into this analysis is the Colorado Governmental Immunity Act, which limits Denver Water's general liability exposure to \$387,000 per person and \$1,093,000 per occurrence.

Denver Water is self-insured for medical and dental benefits, auto liability and workers' compensation. Stop loss insurance is purchased to limit Denver Water's exposure to workers' compensation and medical claims. Denver Water purchases insurance policies for property and equipment, excess liability, crime, fiduciary exposures, cyber, terrorism, and accidental death and disability insurance for its employees. This coverage protects Denver Water, the Board, the executive officers and employees from financial loss due to property damage or loss, theft, vandalism, certified and non-certified acts of terrorism, errors and omissions, equipment breakdown, fiduciary risks, cyber-attacks, and health and accidental death and disability claims.

The insurance market has been hardening in recent years. This has been even more significant this past year as a result of the pandemic, social unrest, natural disasters, and cyber-attacks. More carriers have been reducing or excluding certain coverages that were once standard inclusions in their policies and creating a separate (monoline) coverage in some cases. In this most recent renewal, Denver Water's carriers have dropped coverages such as law enforcement liability and malicious attack from their renewal quotes. Malicious attack (active shooter/non-peaceful protest) is being offered as a separate coverage. Although law enforcement liability is being made available through APR, it is otherwise not commercially available in the current insurance marketplace.

Denver Water has engaged outside counsel to assist with the review of the quoted cyber policy. The outside counsel will assess the coverages and exclusions within the policy and will provide feedback and recommendations. If Denver Water needs

to bind coverage before the review process has been completed, there are provisions within the policy to cancel coverage.

A representative from Marsh will present the insurance program to the Board at the May 12, 2021 Board meeting.

### **Budget**

The Finance Division budgeted \$900,736 in the 2021 budget for the above policies except for the premium for malicious attack coverage. In 2021, the market once again experienced a hardening of pricing, which affected all of Denver Water's lines of coverage, as compared to the prior years.

Anticipated premiums for the 2021 to 2022 term will cost \$951,118, which is inclusive of the new coverage for malicious attack insurance. The 2021 aggregate premiums will create a budget variance of \$50,382. The majority of this budget variance is driven by the increased premium for property and equipment insurance of \$64,120 as compared to the prior year, and \$20,640 for the additional monoline coverage of malicious attack insurance.

The attached table provide additional details about the proposed renewal structure.

### **Owner(s)**

Usha Sharma, Treasurer

### **Attachments**

Denver Water's Insurance Program Structure  
Denver Water's Cyber Insurance Options

Respectfully submitted,

Usha Sharma, Treasurer

Angela Bricmont, Chief Finance Officer

# Denver Water Insurance Program Structure

Insurance Type	Insurer	Annual Premium (2020)	Annual Premium (2021)	Premium Change from 2020 to 2021	Coverage Limit (2021 & 2020)	Retention (2021 & 2020)	Renewal Date	Last Competitive Bid	Next Expected Competitive Bid
Property & Equipment	AXA XL	\$624,000	\$688,120	\$64,120	\$500MM <sup>1</sup>	\$500,000	June 1, 2021	2020	2023
Excess Liability	APR <sup>2</sup>	\$84,151	\$116,838	\$32,687	\$10MM	\$1MM	June 1, 2021	2021	2023
Fiduciary	Travelers	\$19,900	\$36,625	\$16,725	\$10MM	\$50,000	June 1, 2021	2021	2023
Crime	Travelers	\$5,114	\$5,114	\$0	\$2MM	\$25,000	June 1, 2021	2020	2023
Terrorism	Talbot	\$29,958	\$27,010	(\$2,948)	\$150MM <sup>3</sup>	\$500,000	June 1, 2021	2020	2023
Cyber	Crum & Forster	\$30,092	\$56,771	\$26,679	\$5MM	\$50,000	June 1, 2021	2020	2023
Malicious Attack	Hiscox	\$0	\$20,640	\$20,640	\$2.5MM	\$2,500	June 1, 2021	2021	2023

<sup>1</sup>Coverage varies and is dependent on type of property, cause of damage, flood plain location and various other contingencies.

<sup>2</sup>New carrier partner for 2021 (Allied Public Risk) due to late-term notice of non-renewal from Argonaut reinsurer.

<sup>3</sup>Liability is sub-limited to \$100mm.

Premiums above contemplate estimated surplus lines taxes and fees.

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 12, 2021

Board Item: V-A-3

## Watershed Planning Program Organizational Strategy

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### Strategic Plan Alignment

The Watershed Planning Program supports the Excellent Operations Perspective through all three objectives within the Goals of, “strategically aligning our projects and programs to provide the best value to our customers.”

Lenses:  Customer Centric  Industry Leader  Long-Term View

- Watershed planning is **Customer-Centric** and meets the needs of customers; 97% of whom see protecting healthy watersheds as an important Denver Water service according to the 2017 customer survey.
- Denver Water is an **Industry Leader** in forest management and wildfire risk reduction. This approach will move Denver Water into a new era of leadership in source water protection.
- Watershed planning will occur on a rotating basis across the collection systems with a **Long-Term View**, 20-year planning horizon, to identify threats and opportunities.

### Summary

This briefing paper provides an update on the Watershed Planning Organizational Program. Key milestones since the prior update provided in November 2020 include:

- Selected SWCA Environmental Consultants to develop the first Strontia Springs Watershed Sediment Management Plan.
- Received a detailed white paper on water quality and opportunities for action on abandoned mine lands in the North Fork of the Upper South Platte.
- Developed two water quality reports for the South Collection System; one to support water treatment influent characterization and the other to support source identification for analytes of concern.

### Background

The Watershed Planning Program consists of two phases for each collection system: Phase 1 is an inventory, assessment, and prioritization. Phase 2 is action planning. The South Collection System Inventory, Assessment, and Prioritization was completed in August 2020. Due to budget constraints in 2021, the action plan was replaced with individual priority projects that can feed into a holistic action plan in the future. Those projects began in 2020 and will be completed by the end of 2021. Results can feed into a holistic plan in 2022. Alternatively, the next phase of the Program could develop the inventory, assessment, and prioritization for the North Collection System to support a complete understanding of water quality, threats, and priorities across the entire collection system.

### Budget

The estimated budget for the South Collection System action plan was \$300,000 prior to incorporating the Strontia Springs Watershed sediment priority. To meet 2021 budget goals and incorporate the sediment work, the action plan was delayed and replaced with three priority projects, described below. The total budget for the three priority projects from mid-2020 through the end of 2021 is \$279,000. The 2021 estimated cost is \$170,000. Due to COVID-19 impacts, \$7,800 of the sediment work planned for 2020 was delayed and will be completed in 2021. However, the project is still set to be delivered on-time and within the contract budget.

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

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



## Approach

After completing the South Collection System Inventory, Assessment, and Prioritization in August 2020, the Watershed Planning Program initiated three priority projects with planned completion by the end of 2021:

1. **Strontia Springs Watershed Sediment Management Plan (\$225,000):** Through the competitive selection process, SWCA Environmental Consultants was hired to develop the first Strontia Springs Watershed Sediment Plan to address sediment availability and transport within the priority area upstream of Strontia Springs Reservoir. The project team prioritized discussions with USFS staff to identify collaborative opportunities because 50% of the priority watershed is USFS land. Those discussions are underway. The next internal meeting will be to discuss opportunities on Denver Water lands. A more detailed update will be provided November 2021 after a draft framework has been created.
2. **North Fork Abandoned Mine Lands White Paper (\$4,000):** Colorado Trout Unlimited (TU) Abandoned Mine Lands (AML) Program staff developed a summary of the Hall Valley and Geneva Creek AML data, history, opportunities for water quality improvement, and a review of liability concerns and solutions. Water and soil quality data recently collected in Geneva Creek indicate elevated metal concentrations from both background mineralization and mine tailings that impact water quality in the North Fork. Recent monitoring data is lacking in Hall Valley and is needed to design restoration efforts. Restoration efforts in the area, in general, focus on redirecting stream flows around mine tailings with the potential to line stream segments, as needed. TU regularly relies on partners and donors to complete restoration work and shields those funding partners from potential liability.
3. **South Collection System Water Quality Assessment (\$50,000):** The South Collection System water quality assessment (five years of data through 2019) was used as a baseline for comparison to 2020 data in two annual reports. The 2020 Treatment Report provides data to support characterization of the raw water influent sources for Marston and Foothills Treatment Plants by month. The Water Year 2020 - South System Annual Report provides annual statistics for assessment basins throughout the South System to understand sources of analytes of concern. These reports are vetted through the Watershed Monitoring Core Team to support water quality data needs across the organization.

In addition to the three priority projects, the Watershed Planning Program initiated the Williams Fork post-fire technical support contract with Matrix Design Group to aid in post-fire recovery. Work to date includes establishing the Williams Fork Fire Internal Stakeholder Group for coordination and communication across the organization. Denver Water values at risk within the Williams Fork watershed have been identified and prioritized. McQueary Creek and Jones Creek subwatersheds and downslope areas and assets are prioritized for summer 2021 potential mitigation actions, pending permitting requirements and approvals. Long-term strategies to plan for hazards and mitigate risk will also be identified. Denver Water staff are coordinating with external stakeholders and are in regular contact with Grand County and the appropriate contacts within the USFS and the State.

**Owner(s)** Alison Witheridge and Christina Burri, External Affairs

**Attachments** PowerPoint presentation

Respectfully submitted,

Alison Witheridge, Watershed Scientist

Mike King, Chief External Affairs Officer