

**RECORD OF PROCEEDINGS
MINUTES
of the
Board of Water Commissioners**

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

Wednesday, September 11, 2019

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, September 11, 2019, beginning at 9:00 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

Paula Herzmark, President
John R. Lucero, First Vice President
H. Gregory Austin, Vice President
Craig Jones, Vice President
Gary Reiff, Vice President

Board employees and others present during portions of the meeting were:

A.C. Bricmont, Chief Financial Officer	A. Hill, Attorney
J. Brody, General Counsel	J. Kirk, Communication Specialist
B.D. Good, Chief Administrative Officer	M. Laws, Division Analyst
M. King, Chief External Affairs Officer	J. Lorton, Accounting Manager
J.S. Lochhead, CEO/Manager	J. Reddig, Graphic Designer
R.J. Mahoney, Chief Engineering Officer	J. Shaw, Community Relations Sr. Specialist
T.J. Roode, Chief Operations and Maintenance Officer	J. Spitze, Director IT PMO & Enterprise Project
S. Abram, Budget Manager	N. Willis, Web Development
J. Alexander, Environmental Sr. Scientist	M. Trubee, Public Affairs Manager
K. Bates, Attorney	A. Turney, Director Engineering – Property
A. Cavallaro, Paralegal	
F. Davis, Rates Manager	

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

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



R. Davis, Finance Analyst
K. Dudas, Public Affairs Manager
R. Eastman, Intern
D. Gorgemans, Chief Internal Auditor

V. Roberts, Director Enterprise IT
C. Lane, Platte Canyon Water and
Sanitation District
D. Igoe, Pure Brand

INTRODUCTORY BUSINESS

Commissioner Herzmark called the meeting to order at 9:15 a.m.

Public Comment and Communications

Commissioner Herzmark issued an invitation to members of the public to comment to the Board on any matters not included in the Agenda for the meeting. There was no public comment.

Introductions, Awards, and Ceremonies

Mr. Good introduced Ms. Robert who has been selected as the new Director of Enterprise Information Technology, heading the IT Department and working on a plan to transition from the Business Technology Management Office. Ms. Roberts is very proud and excited that she's been selected for the position.

ACTION ITEMS

Upon motion regularly made, seconded and unanimously carried by the Commissioners then present, unless otherwise noted, the Board acted upon the following agenda items:

1. ITEM II-A-1: MINUTES FROM AUGUST 14, 2019 – OPEN SESSION

Approved the Amended Minutes of the Open Session Meeting of August 14, 2019.

2. ITEM II-A-2: MINUTES FROM AUGUST 28, 2019 – OPEN SESSION

Approved the Minutes of the Open Session Meeting of August 28, 2019.

3. ITEM II-A-3: DECLARATION OF RESTRICTIONS FOR LONG-TERM SITE PROTECTION OF THE WILLIAMS FORK RIVER RESTORATION PROJECT

Approved a Declaration of Restrictions for the long-term site protection of 1.22 miles of aquatic habitat of the Williams Fork River, which will be restored by Denver Water and preserved and maintained in perpetuity. The Williams Fork River Restoration Project serves as compensatory mitigation requirement for the Gross Reservoir Expansion Project, pursuant to the Section 404 Permit issued by the U.S. Army Corps of Engineers. A copy of the Declaration is attached to and incorporated in these Minutes as Exhibit A.

POLICY MATTERS

4. ITEM III-A: FIRST READING OF PROPOSED 2020 RATES

Mr. Davis provided a first reading of the 2020 proposed rates, a copy of which is attached to and incorporated in these Minutes as Exhibit B.

The proposed rates include a 3% rate adjustment (not including costs that may be associated with the Lead Service Line Replacement Program, yet to be approved by Environmental Protection Agency and Colorado Department of Public Health and Environment). Not all customers will have a 3% rate adjustment, as the increases will vary by type of consumer and volume of consumption, but no single-family dwelling will experience a rate increase above 3%. In-City irrigation rates will increase more than Outside-of-City irrigation rates to reflect that In-City consumption has exceeded that of Outside-of-City customers.

The proposed rate increases also include 1.0-3.7% increases to all treated water rates, and 9-14% increases to raw water rates, while maintaining service charges as 20% of Denver Water's total revenue.

In response to a question from Commissioner Austin, Mr. Davis explained that the cost of raw water is 81 cents per thousand gallons, and the rate increase reflects higher costs of maintaining the infrastructure at Denver Water's Sources of Supply, as well as a more realistic allocation of operating costs (i.e.: pumping, treatment, and distribution) with the new ORCA system. In addition, more raw water assets, such as the investments made at Antero Reservoir and the investment in the Northwater Treatment Plant have been or will soon become

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operationalized. Commissioner Austin noted that he is troubled by the low price at which Denver Water sells raw water.

Mr. Lochhead explained that Denver Water does not charge the market rate for water, but rather the cost of service, and that the cost to serve raw water customers is low because they tend to be on the west-side of the Metro area, without access to the treatment system, without water meters, and the cost to bill them is very low. Several of the raw water customers treat the water themselves and blend it with other stored water supplies.

Ms. Davis explained that staff has conducted an affordability analyses regarding the proposed rate increases. She said that the goal is to have the average bill be less than 2.5% of median household income. The proposed rate increases have an impact for both In-City and Total Service customers well below that goal, as averaged throughout a year of water consumption. Compared with other front-range water providers, Denver Water's current and proposed rates fall within the middle range of costs.

The proposed rate implementation date is January 1, 2020. The Board will have the opportunity to approve the rate increases at its October 23, 2019 meeting.

5. ITEM III-B: BRAND CAMPAIGN DEVELOPMENT

Ms. Dudas and Mr. Igoe, Brand Director at Pure Brand, presented the Board with an overview of Denver Water's Brand Campaign development, a copy of which is attached to and incorporated in these Minutes as Exhibit C.

Mr. Igoe explained that as part of the development process, Pure Brand engaged key stakeholders using a combination of an online survey and a brand workshop to gather feedback about perceptions of Denver Water and to inform how the brand development can best align with Denver Water's Strategic Plan. Importantly, 71% of stakeholders believe that Denver Water is the public's trusted source for water. The development process will utilize this information to ensure that the outcome continues to build trust with customers, engages employees, and helps customers feel informed and have a sense of responsibility and stewardship for the water supply.

New messaging will be developed to refine Denver Water's brand position, and will include the concepts of trust, vitality, expertise and success. A call to action will also be developed that will encompass a greater appreciation for water as an

essential component of the Colorado lifestyle.

The core of the brand campaign is that “Water is everything; it’s about thriving, not merely surviving. Together we can create a ripple effect that ensures our unique lifestyle for generations to come.” The brand campaign’s draft position statement is “When it comes to water, what each person does is important and can have a positive ripple effect. We are in this together to preserve our Colorado lifestyle.”

The Board approved the Campaign Creative Brief, a copy of which is attached to and incorporated in these Minutes as Exhibit D.

Commissioner Herzmark remarked that this brand development campaign represents an enormous investment of time, energy, and creativity and that the Board appreciates and believes it is the platform Denver Water needs.

EXECUTIVE UPDATE

6. ITEM IV – A: CEO REPORT

Mr. Lochhead asked the Board whether it would like to pass a formal resolution regarding Referendum DD which permits revenue from sports betting to be utilized to fund part of the state’s water plan. After discussion, the Board concurred with Mr. Lochhead’s recommendation that a formal resolution is not necessary, as Referendum DD does not directly implicate Denver Water.

Mr. Lochhead also noted that he recently attended a very good meeting in Summit County with the Board of County Commissioners and that the group discussed the Colorado River Compact Agreement, Dillon Reservoir operations, recreation issues, and Denver Water’s Forests to Faucets program.

This afternoon he will attend the state legislature’s Interim Water Resources Review Committee’s hearing about Colorado water issues.

7. ITEM IV-C: OPERATIONS REPORT

Ms. Bricmont followed up on a question from a previous Board meeting, in which the Commissioners asked about what percentage of operating projects are successfully filtered through the prioritization process. She explained that Denver Water has not tracked that metric but can add detail to the Board’s

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Budget Workshop information that will better inform the Board about the process.


BRIEFING PAPERS & REPORTS

8. ITEM V-A-1: BRAND CAMPAIGN DEVELOPMENT

The Board received a Brand Campaign Development Update, a copy of which is incorporated and attached to these Minutes as Exhibit E.

ADJOURNMENT

No further business appearing, the Board voted unanimously to adjourn into an Executive Session Meeting at approximately 10:10 a.m.

DocuSigned by:

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Secretary

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President