

**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, November 15, 2017

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, November 15, 2017, 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:

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

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

J.A. Anderson, Chief of Staff	F. Davis, Rates Manager
A.C. Bricmont, Chief Financial Officer	R. Davis, Finance Analyst
G. Cagle, Chief Human Resources Officer	D. Engleman, Total Rewards Administrator
C.R. Dermody, Chief Information Officer	M. Faulkner, Director HR
C.S. Funk, <i>Acting</i> General Counsel	S. Franey, Internal Sr. Auditor
B.D. Good, Chief Administrative Services Officer	P. Freeman, Finance Sr. Analyst
M. King, Chief External Affairs Officer	J. Hegdal, Internal Auditor
J.S. Lochhead, CEO/Manager	P. James, IT Support Sr. Specialist
R.J. Mahoney, Chief Engineering Officer	J. Mitchell, Finance Sr. Analyst
T.J. Roode, Chief Operations and Maintenance Officer	A. Peck, IT Program Manager
S. Abram, Budget Manager	S. Price, Engineering Manager
K. Bates, Attorney	V. Roberts, Director Business Technology
R. Brennan, IT Program Manager	J. Seagren, Distribution Relations Manager
M. Bond, Public Affairs Manager	U. Sharma, Treasurer
	S. Snyder, Communication Sr. Specialist

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

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



T. Bryant, Controller
S. Chesney, Public Affairs Manager
A. Chotiner, Business Operations Manager
P. Coleman, Chief Internal Auditor

P. Fitzgerald, Platte Canyon Water &
Sanitation District
C. Lane, Platte Canyon Water & Sanitation
District

INTRODUCTORY BUSINESS

Commissioner Lucero called the meeting to order at 9:30 a.m.

Upon motion regularly made, seconded and unanimously carried, Commissioner Herzmark was found to be absent for substantial cause and was excused.

Public Comment and Communications

Commissioner Lucero 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 response.

Introductions, Awards and Ceremonies

Ms. Anderson introduced Ms. Roberts who has assumed a new position as Denver Water's Business Technology Manager.

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: REVISIONS TO THE DENVER WATER GROUP HEALTH PLAN

Approved revisions to the Denver Water Group Health Plan, a copy of which is attached to and incorporated in these Minutes as Exhibit A.

2. ITEM II-B-1: ADOPTION OF 2018 RATE SCHEDULES

Adopted the proposed 2018 Rate Schedule, a copy of which is attached to and incorporated in these Minutes as Exhibit B. Mr. Fletcher noted that the new rate schedule, effective March 1, 2018, will provide Denver Water with more revenue stability, by increasing the fixed charge to a level that is in-line with the average

of fixed charges imposed by other Front Range water providers. Mr. Fletcher's presentation is attached to and incorporated in these Minutes as Exhibit C.

The Denver Water Technical Advisory Committee (TAC) submitted a letter in support of the new rate schedule, a copy of which is attached to and incorporated in these Minutes as Exhibit D. Mr. Fitzgerald, representing the TAC, remarked that it supports the process for developing the methodology to establish rates, as well as the process whereby the TAC was allowed to have its consultants work closely with Denver Water staff. The TAC has three suggestions for the Board: 1) to continue to use debt to keep rate increases stable and low; 2) to implement a Service Development Charge (SDC) study; and 3) entertain a robust discussion prior to any future increases to service charges.

Ms. Bricmont responded that Denver Water plans to review SDC's in 2018 and will work closely with the TAC in that process.

POLICY MATTERS

3. ITEM III-A: 3RD QUARTER 2017 – PERFORMANCE REPORT

The Board received a 3rd Quarter 2017 Performance Report, a copy of which is attached to and incorporated in these Minutes as Exhibit E.

Ms. Bricmont noted that the fiscal responsibility audit is underway to evaluate whether the ORCA project efforts have met their goals, control objectives and processes. Ms. Bricmont said that revenues are above budget due to increased water sales during the hot summer months.

Mr. Good remarked on the up-coming procurement value stream, which is intended to improve the contracting processes and procedures, as well as to centralize the purchasing workflow. Mr. Dermody noted that ORCA Increment Two is underway, with Increment Three scheduled for 2018. Mr. Mahoney said that the capital budget is running under budget, partly due to payment schedules which. Ms. Abram reported that operating expenses are higher than forecast, due in part to the Forest to Faucets payment schedule. Mr. Good reported on supplier diversity efforts, noting that 53% of contracts in 2017 have been awarded to MWBE/SBE contractors.

4. ITEM III-B: BOARD BUDGET WORKSHOP

The Board received a copy of the 2018 Proposed Budget, a copy of which is attached to and incorporated in these Minutes as Exhibit F. Ms. Bricmont reported that the 2018 Operating budget is essentially flat, compared to the 2017 budget and that the increases originate from capital projects. Ms. Anderson remarked that staff has worked to align all of the budget items with the refreshed 2018 Strategic Plan, via divisional goals and priorities, and that metrics are in place to evaluate progress toward each of the 2018 organizational priorities. She described plans to measure employee inspiration in 2018 via a Net Promoter Score and Leadership Engagement tools, as well as efforts to develop the Business Technology Management Office and the processes necessary to support that effort.

Staff discussed plans for aligning IT with Grant Thornton's recommendations and IT security. Mr. Dermody said that two of IT's division initiatives are: implementation of a new digital repository for records; and implementation of a new call center platform.


Mr. Mahoney shared a presentation regarding the North System Renewal Program, a copy of which is attached to and incorporated in these Minutes as Exhibit G. Mr. King explained 2018 plans for the National Western site renovation, including the possibility of a new Denver Water Water Quality Lab as well as Innovation Center, in partnership with Colorado State University. Mr. Good described the sustainability program, as well as Operations Campus Redevelopment events that will occur in 2018, including the laying of a foundation for the new administration building, parking garage, renovations to the Three Stone building and development of the wellness building.

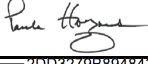
Ms. Cagle described a five year organizational health plan, which will endeavor to develop leaders, provide improved career development programs and succession planning. She also said that staff will continue to work on the outsourcing pension and benefit administration. Mr. King said that improving internal communications will be a priority for 2018.

The discussion is scheduled to continue in the Board's Study Session on Thursday, November 16, 2017.

ADJOURNMENT

No further business appearing, the Board adjourned the Regular Meeting at 12:15 p.m.

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Secretary

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President