

# AGENDA

## Denver Board of Water Commissioners

Denver Water Board Room, 1600 W 12<sup>th</sup> Avenue, Denver, CO 80204 and

Video Conference: <http://zoom.us/join>, Meeting ID: 882 3417 6376 - Passcode: 600590 or

Dial in (669) 900-6833 - Meeting ID: 882 3417 6376 - Passcode: 600590

Members of the public are welcome to attend either in person or by video conference

**Wednesday, July 12, 2023 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

### 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 June 7, 2023 Special Meeting
2. Minutes from June 14, 2023
3. Minutes from June 28, 2023

#### B. Individual Approval Items

- |  |                |           |
|--|----------------|-----------|
| 1. Approval of Denver Water's 2024 Business Plan | Julie Anderson | 5 minutes |
|--|----------------|-----------|

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- |  |            |           |
|--|------------|-----------|
| 2. Approval of Denver Water Pay Plan               | Kim Forbes | 5 minutes |
| 3. Approval of Benefits Changes for 2024 Plan Year | Kim Forbes | 5 minutes |

### III. POLICY MATTERS

- |                           |                |            |
|---------------------------|----------------|------------|
| A. Lead Reduction Program | Alexis Woodrow | 15 minutes |
|---------------------------|----------------|------------|

### IV. EXECUTIVE UPDATE

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

### V. BRIEFING PAPERS & REPORTS

- A. Briefing Paper
- 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: July 12, 2023

Board Item: II-B-1

## Approval of Denver Water's 2024 Business Plan

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Action by Consent

Individual Action

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### **Purpose and Background:**

The purpose of this Board Item is to seek approval of Denver Water's 2024 Business Plan.

We conduct a gap analysis against the goals and objectives in Denver Water's Strategic Plan every one to two years to identify and prioritize high impact areas where we can make a meaningful difference towards achieving Strategic Plan objectives. This analysis results in our Business Plan which includes our Strategic Projects, Organizational Priorities and Programs.

The Board reviews a draft business plan each year at the beginning of the budget cycle. Staff then uses the draft plan to develop the proposed budget - ensuring that our budget aligns with our Strategic Projects, Organizational Priorities and Programs. Once we develop the budget, the Board will again review the draft plan in conjunction with the proposed budget during the November annual budget workshop.

Much of the work from the 2023 Business Plan will continue into 2024 and the out-years. However, there are a few noteworthy differences that were identified during the gap analysis process:

- The primary objectives for Protecting Colorado's Waters heavily overlapped with work already being completed in the One Water, Water Efficiency, Integrated Resource Plan, Watershed Health Plan, and External Stakeholder Engagement Value Streams as well as through the daily work of the Water Resource Strategy Division and the Government Affairs and Stakeholder Relations team. As a result, we are proposing to remove this organizational priority from the 2024 Business Plan knowing that the objectives of this priority are contemplated and will be completed through other efforts.
- Staff proposes to remove the following programs:
  - The South System Planning effort is concluding and the output from that work will inform the long-term capital plan as well as the Integrated Resource Plan that is set to kickoff later this year.
  - Our Diversity, Equity and Inclusion (DEI) strategy is well underway, and we are proposing to merge our Supplier Diversity work into the community pillar of our DEI strategy, creating a more holistic approach.
  - The Government Affairs and Stakeholder Relations team is in the process of implementing the organizational strategy to effectively engage with external stakeholders and will continue to move forward with this effort as part of their daily work.

We will provide regular presentations at the agreed upon cadence to the Board on all activities and corresponding policy matters in the 2024 Business Plan as well as provide quarterly performance reporting that outlines progress towards key milestones and financial metrics.

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**Recommendation:**

Staff recommends that the Board approve Denver Water's 2023 Business Plan to be used in the development of the 2024 budget and executed over the course the next one to three years.

**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"/> Richard B. Marsicek, Chief Water Resource Strategy 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                  |

## 2024 Annual Business Plan - DRAFT

TYPE	STRATEGIC PERSPECTIVE	DURATION	ANNUAL PRIORITY	ORGANIZATIONAL METRIC	OWNER(S)
Top Priority	Trusted Leader	1918 - Current	Provide high-quality water and outstanding service to our customers	Balanced Scorecard Performance	Executive Team
Strategic Projects	Trusted Leader	2020-2034	Lead Reduction Program	Project Execution	Roode, Anderson
	Excellent Operations	2017-2027	Gross Reservoir Expansion	Project Execution	Mahoney
	Excellent Operations	2017-2024	Northwater Treatment Plant	Project Execution	Mahoney, Roode
	Trusted Leader	2017-2030	Highline Canal Transformation	Project Execution	Roode
Organizational Priorities	Excellent Operations	2023-2026	Asset Management	Asset Availability	Roode, Mahoney
	Excellent Operations	2023-2026	One Water Strategy	Water Efficiency	Marsicek, Brody
	Excellent Operations	2023-2025	Sustainability	Resource Use	Good
	Strong Financials	2020-2026	Enterprise Project Management Office	Financial Plan Performance	Bricmont, Anderson
	Strong Financials	2024-2026	Innovation and Technology	Operating Cost per Account	Roode
	Trusted Leader	2017-2026	Customer Experience	Brand Engagement	Bricmont
	Inspired People	2017-2026	Safety	Safety Maturity Index	Good

## 2024 Programs - DRAFT

<b>PROGRAM</b>	<b>CADENCE</b>	<b>OWNER</b>
Watershed Health	Bi-Annual	Marsicek
Water Efficiency	Bi-Annual	Marsicek
Integrated Resource Plan	Bi-Annual	Marsicek
Risk Management	Bi-Annual	Good
Cyber Security	Bi-Annual	Good
Information Technology Strategy	Annual	Good

- The above programs have been identified as key strategic initiatives that provide significant contributions towards the attainment of the Strategic Plan Goals and Objectives
- The progress of these programs will be shared with the Board either by briefing paper or by presentation using the defined cadence for each program

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: July 12, 2023

Board Item: II-B-2

## Approval of Denver Water 2024 Pay Plan

Action by Consent

Individual Action

### **Purpose and Background:**

The purpose of this Board Item is to seek approval of adjustments to Denver Water's Pay Plan to achieve better alignment with the market.

Denver Water maintains a Board-adopted schedule of pay grades each consisting of a pay range with minimum, midpoint, and maximum pay rates. This "Pay Plan" includes a list of job codes by occupational group and the pay grade to which each job is assigned.

In continued partnership with Denver Water, Aon Consulting, Inc. conducted a market compensation analysis to evaluate the competitiveness.

Pay range structures are considered competitive if their midpoints vary from the market median no more than +/- 10 percent. Denver Water uses the midpoint of each pay range as the primary point of reference for decisions about pay. To improve the alignment of pay ranges with the market and to ensure decisions about pay are based on a market-based, competitive pay structure, Staff is recommending Board approval of the 2024 Pay Plan, which includes the following adjustments:

- Field/Technician/Support (FTS): + 3.0%
- Executive/Management/Professional (EMP): + 3.0%
- Engineering/Scientific/Professional: + 4.0%
- Information Technology (IT): + 3.0%

### **Budget and Schedule:**

There is no immediate budget impact for this item. However, base pay will be evaluated in Q1 of 2024 to determine impacts of the structure adjustments on competitive placement of base salaries within the pay ranges. Costs to restore the competitive position (i.e., 10% of midpoint) of base salaries will be funded through Denver Water's 2024 wage adjustment budget to be presented the Board in November 2023.

### **Recommendation:**

Staff recommends that the Board approve the proposed 2024 Pay Plan.

### **Approvals**

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

- Brian D. Good, Chief Administrative Officer
- Richard B. Marsicek, Chief Water Resource Strategy Officer
- Robert J. Mahoney, Chief Engineering Officer
- Thomas J. Roode, Chief Operations Officer

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# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: July 12, 2023

Board Item: II-B-3

## Approval of Benefits Changes for 2024 Plan Year

Action by Consent

Individual Action

### **Purpose and Background:**

The purpose of this Board item is to finalize the following changes for the 2024 plan year:

- Medical, dental and vision premium rates and associated employer/employee contribution ratios and tiers.
- Create new form of paid leave (COFAM) and reduce eligibility threshold for coverage under the Family and Medical Leave Act (FMLA).
- Increase wage replacement provisions of Short- and Long-Term Disability benefits.

### **Medical**

Current medical plan designs align with the market and acknowledge employee preference, however IRS minimum requirements for High Deductible Health Plan (HDHP) designs will increase for 2024.

Denver Water is self-insured for medical and dental costs, which means that the total cost of claims is paid by Denver Water contributions, employee/retiree contributions, and employee/retiree out-of-pocket payments. As part of the annual process to establish employee and retiree contributions for plan coverage, the previous plan year performance is reviewed.

Based on claims experience to date, plan costs for 2024 are estimated to be equal to or below the budget for 2023 requiring no change to total contributions. The current medical cost share, however, is 87.3/12.7% and should be adjusted to bring the cost share closer in alignment with common practice. In addition, the structure of premium tiers should be updated to achieve consistency with tier design in the market. Denver Water is therefore recommending the following:

- Maintain current plan designs but adjust HDHP deductible and out-of-pocket maximums to comply with IRS regulation.
- No increase to overall contributions.
- Modify cost share to 85%/15%
- Create 4-tier contribution structure.

With these changes, Denver Water's 2024 contribution to medical plan costs would be approximately \$16.5 million, and the employee/retiree contribution to medical plan costs would be approximately \$2.4 million, distributed by plan type and tier selection as depicted in the attached 2024 Medical, Dental and Vision rates document.

### **Dental**

The cost of claims to the dental plan has slightly increased over the last 12-month period. As a result, Denver Water is recommending the Board increase contributions by 3.6%. This means Denver Water contribution will be approximately 64% of dental plan costs, with employees' contributions at 36%. Denver Water's contribution would be approximately \$617,000, and the employee/retiree contribution would be approximately \$347,000, distributed by tier selection as depicted in the attached 2023 Medical, Dental and Vision rates document.

To achieve consistency with tier design in the market, Denver Water is proposing a 4-tier contribution structure.

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## **Vision**

In response to utilization, Denver Water is proposing to increase the coverage for frames replacement with a slight increase in premium rates (less than \$1) to cover 2024 plan costs. Vision benefits are 100% employee paid.

To achieve consistency with tier design in the market, Denver Water is also proposing a 4-tier contribution structure.

## **COFAM Leave and FMLA**

The Board declined participation in Colorado's Paid Family and Medical Leave Insurance (FAMLI) program and directed staff to expand Denver Water paid leave benefits to closely align with those provided under the FAMLI. To create that alignment Denver Water is recommending two changes for 2024:

- New form of paid leave (COFAM).
- Job protection under the FMLA after 180 days of employment with Denver Water.

These changes require modification to Personnel Policies that will be presented for Board approval later this year.

## **Short-Term and Long-Term Disability**

Denver Water offers employer paid short-term and long-term disability coverage for employees. Wage replacement offered through Denver Water's current short-term disability benefit is 60% (\$1500/week max) and continues to trail the market. Current long-term disability benefits are competitive.

To increase the competitiveness of the short-term disability benefit and to align with wage replacement with COFAM leave, Denver Water is recommending 70% (\$1500/week max) for short-term disability, eliminating the buy-up option, and 66.67% up to \$10,000/month for long-term disability.

Short-term disability carriers are reducing premiums in response to FAMLI. As a result, Denver Water's cost for short-term disability will decrease by 56% (\$104,000). Recommended changes to the long-term disability benefit are expected to increase Denver Water's cost by \$79,000.

## **Budget and Schedule:**

The estimated \$17.6 million for contributions to medical, dental, short-term, and long-term disability premiums will be included in the 2024 budget process.

## **Recommendations:**

Staff recommends that the Board approve the recommended plan design changes and associated contribution ratios and tiers for medical, dental and vision benefits described in the attached rate document. In addition, staff recommends the Board approve the creation of a new form of paid leave (COFAM), an increase in job protection provided under the FMLA, and increases to wage replacement provided through Denver Water's short-term and long-term disability plans.

## **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"/> Richard B. Marsicek, Chief Water Resource Strategy Officer |
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