

AGENDA

Denver Board of Water Commissioners

Video Conference: <http://zoom.us/join>, Meeting ID: 950 8853 3633 - Passcode: 175794 or

Dial in (669) 900-6833 - Meeting ID: 950 8853 3633 - Passcode: 175794

Wednesday, December 1, 2021 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. Annual Meeting

1. Agenda
2. Minutes from December 2, 2020

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 November 3, 2021
2. Minutes from November 17, 2021

B. Individual Approval Items

- | | | |
|----------------------------|-----------------|------------|
| 1. Approval of 2022 Budget | Stephanie Abram | 10 minutes |
|----------------------------|-----------------|------------|

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III. POLICY MATTERS

- | | | |
|------------------------------------------------------------------|--------------|------------|
| A. Government & Community Relations Strategy Overview | Sara Behunek | 10 minutes |
|------------------------------------------------------------------|--------------|------------|

IV. EXECUTIVE UPDATE

- A. CEO Update**
- B. CFO Update**
 - 1. Monthly Financial Report – October
- C. Operations Update**

V. BRIEFING PAPERS & REPORTS

- A. Briefing Paper**
 - 1. Government & Community Relations Strategy Overview
 - 2. Year-to-Date Continuous Improvement Update
- 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**

AGENDA

Annual Meeting

Denver Board of Water Commissioners

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Wednesday, December 1, 2021 9:00 a.m.

I. Call to Order

II. Election of Officers

President and First Vice President Secretary and Assistant Secretaries

Present Officers

Gary M. Reiff	President
Craig A. Jones	First Vice-President
Dominique Gómez	Vice-President
Tyrone Gant	Vice-President
Stephanie Donner	Vice-President

Present Secretary and Assistant Secretaries

James S. Lochhead	Secretary
Julie A. Anderson	Assistant Secretary
Angela C. Bricmont	Assistant Secretary
Brian D. Good	Assistant Secretary
Richard B. Marsicek	Assistant Secretary
Robert J. Mahoney	Assistant Secretary
Thomas J. Roode	Assistant Secretary

III. Other Business

IV. Adjournment

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 1, 2021

Board Item: II-B-1

Approval of 2022 Budget

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board item is to approve the 2022 Budget. In the second half of 2021, Denver Water began experiencing increases to operating costs due to pandemic-related impacts, such as inflation and supply chain delays. Additionally, due to staffing challenges and a competitive hiring market, the hiring strategy for high-demand positions was revised to increase retention and reduce lost time. These impacts are reflected in the budget.

As part of the budget development process, all new budget requests, including maintenance items that were deferred in 2020 and 2021, were evaluated and added to the budget based on the needs of the organization. A summary of the 2022 budget is below. The full 2022 budget was presented to the Board at the Budget Workshop held in November.

DENVER WATER - 2022 BUDGET					
\$ in thousands	2021 Budget	2022 Budget	2022 Budget Change	% Budget Change	
Water sales	311,270	326,191	14,920	4.8%	
Hydropower	3,801	3,787	(15)	-0.4%	
Special assessments and fees	7,057	7,137	80	1.1%	
SDC revenue	22,000	34,988	12,988	59.0%	
Contributions	5,485	32,239	26,754	487.8%	
All other Revenue	10,221	9,775	(447)	-4.4%	
TOTAL REVENUE	\$ 359,835	\$ 414,116	\$ 54,281	15.1%	
Proceeds from debt	350,000	120,000	(230,000)	-65.7%	
TOTAL SOURCES OF FUNDS	\$ 709,835	\$ 534,116	\$ (175,719)	-24.8%	
Salaries and Benefits	128,748	137,553	8,805	6.8%	
Professional and Purchased Services	44,999	50,628	5,629	12.5%	
Materials, Supplies, and Chemicals	20,440	23,185	2,745	13.4%	
Travel, Training, and Conferences	501	1,178	677	135.0%	
Other Expense	1,129	1,083	(46)	-4.1%	
TOTAL OPERATING w/o PROJECTS	\$ 195,817	\$ 213,626	\$ 17,810	9.1%	
Systems and Programs Projects	12,748	16,153	3,405	26.7%	
Operating Projects (incl. applied labor)	12,748	\$ 16,153	3,405	26.7%	
TOTAL OPERATING COSTS	\$ 208,565	229,780	\$ 21,215	10.2%	
Systems and Programs Projects	356,713	432,813	76,100	21.3%	
TOTAL CAPITAL (incl. applied labor)	\$ 356,713	\$ 432,813	\$ 76,100	21.3%	
Interest expense	32,071	37,691	5,619	17.5%	
Principal payments	18,280	18,095	(185)	-1.0%	
DEBT SERVICE	\$ 50,351	\$ 55,786	\$ 5,434	10.8%	
TOTAL USES OF FUNDS	\$ 615,629	\$ 718,378	\$ 102,749	16.7%	
GRANT FUNDS - SUMMARY					
Grant Name	Grant Period	Budget Revenue	Expense	Actuals to Date Revenue	Expense
Healthy Babies Bright Futures	October 13, 2020 to April 30, 2022	25	25	17	17
*Note: The revenue and expenditures listed in this summary are not included in the preceding Denver Water financial report					

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Budget and Schedule:

The 2022 budget includes revenue of \$414.1M, a planned bond issuance of \$120M, \$713.4M of budgeted expenditures (operating, capital, and debt service). There is one grant for Healthy Babies Bright Futures that will continue into 2022.

Recommendation:

Staff recommends that the Board approve the proposed 2022 Budget as summarized in this Board item.

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 |

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 1, 2021

Board Item: V-A-1

Briefing Paper for Government & Community Relations Strategy Overview

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. The Government and Community Relations team, as part of the Public Affairs department within the Office of People and Strategy, is key to reaching these goals by connecting Denver Water to the diverse communities we touch through authentic relationship-building, problem-solving, transparency and earned trust.

Summary

The Government and Community Relations team is composed of eight staff members who coordinate throughout the organization to provide community outreach for projects and initiatives; build support among local, state, and federal elected officials and agencies; and foster the relationship with distributors, which account for approximately half of Denver Water's customer base.

Primary activities include:

- Outreach, engagement and issues-mitigation for project stakeholders through multiple communications platforms and engagement methods.
- Meeting and coordinating with local elected officials to address priorities and respond to constituent inquiries.
- Overseeing advocacy on legislation at the state and federal levels and aligning these activities with organizational priorities.
- Managing the relationship with distributors through regular communication, coordination on capital projects and supporting a monthly forum.
- Serving as the liaison to the Citizens Advisory Committee.
- Leveraging the larger Public Affairs team expertise and resources, as well as continuous improvement tools to support Strategic Plan goals and objectives.

Background

The Government and Community Relations team was reenvisioned in 2019 through the merging of different teams within Public Affairs, with the intent of enhancing support for the organization's goals around trusted reputation. Since then, the team has focused on realizing efficiencies and increased efficacy through coordination of capital project communication, government affairs work and the relationship with our distributor community. In 2021, the Lead Reduction Program communications, outreach and education function was formally split off from the Government and Community Relations team to be managed as a separate program staffed by three members of Public Affairs. These efforts have remained collaborative on activities of mutual interest, such as updates to local government officials and coordination on lead service line replacements.

Budget

N/A (Included within Public Affairs annual budget).

Alternatives

N/A

Approach

The Government and Community Relations team employs best practices in stakeholder engagement, community outreach and government relations to help meet Strategic Plan goals. Our approach focuses on building, strengthening, and maintaining relationships with stakeholders and strategically engaging local, state, and federal elected officials.

Highlighted accomplishments in 2021 include:

- Leading communications for more than 35 projects, from major capital improvements to regular system maintenance. These efforts built productive relationships and fostered a greater understanding of Denver Water projects among impacted community members and organizations.
- Supporting communications and outreach for the installation of more than 12 miles of pipeline by Denver Water crews, equating to touchpoints with about 2,600 customers, which provide advance notice of projects and a greater knowledge of system investments.
- Hosting community listening sessions for the Gross Reservoir Expansion Project, leading to enhanced understanding and relationships with area stakeholders.
- Outperforming the organizational metric for elected official satisfaction by receiving only 14 complaints from Denver City Council year-to-date, compared with the target of no more than 36 per year, underscoring our success in building support among local elected officials.
- Proactively sending notifications to Denver City Council offices and providing timely response to inquiries, resulting in nearly 800 interactions that allow staff to gauge customer sentiment, address questions or concerns, and provide tailored outreach to ensure positive outcomes.
- Coordinating across Denver Water divisions to organize advocacy for 12 bills that passed during the first session of the 73rd Colorado General Assembly and opposition to three bills that failed, which helped align state laws and funding with organizational priorities.
- Overseeing communications for the installation of the final segment of an 8.5-mile pipeline through a residential area that impacted more than 180 properties, with positive feedback from residents on communication and restoration services, lending to Denver Water's trusted reputation.
- Collaborating with the Lead Reduction Program team to improve customer experience for lead service line replacements that are completed as part of Denver Water's regular pipeline replacement projects.
- Collaborating with distributors to accelerate the removal of lead service lines in three distributor areas, thereby improving the safety of drinking water for residents.
- Achieving a 91% overall satisfaction rate with Denver Water, including "very satisfied" and "somewhat satisfied" responses, among distributors, showing the strength of the relationship with these important organizational partners.

In 2022, primary activities will involve spearheading the development of an organization-wide external stakeholder engagement plan. This plan will align our organizational approach to outreach and connect across various divisions to leverage engagement opportunities. Next year, the team will also lead community engagement on the start of construction for the Gross Reservoir Expansion

Project, as well as ongoing work on the North System Renewal Project, among other critical capital projects. At the same time, we will continue outreach to residents, businesses and other entities affected by regular main replacements and system maintenance.

By 2024, Denver Water is planning to replace more than 27 miles of pipe per year, which will require even more efficiency and innovation related to community relations and increased customer outreach.

For the second regular session of the 73rd Colorado General Assembly, beginning in early 2022, the Government and Community Relations team will work with our external lobbyists to track relevant legislation, provide strategy feedback and testimony to lawmakers, and keep the Board apprised through regular updates.

Finally, we will continue to implement our plan to further strengthen our relationship with distributors through enhanced communication, project collaboration and internal coordination.

Owner(s) Sara Behunek, Office of People and Strategy

Attachments 2021 Government & Community Relations Year-End Update Presentation

Respectfully submitted,

Sara Behunek, Government and Community
Relations Manager

Julie Anderson, Chief of Staff

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 1, 2022

Board Item: V-A-2

Briefing Paper for Year-to-Date Continuous Improvement Update

Strategic Plan Alignment

Lenses: Customer Centric Industry Leader Long-Term View

Continuous Improvement (CI) is an integral part of how Denver Water meets its Strategic Plan objectives. It prioritizes the hands-on application of best practices and measurement in our day-to-day operations with a focus on the efficient and effective delivery of service to our customers.

Summary

Denver Water began its continuous improvement journey over a decade ago. In that time, CI has become deeply embedded into our culture as the way we do our daily work. This principle has grown over the years in terms of employee engagement and acceptance. Today, the CI team is highly focused on helping Denver Water achieve its strategic objectives and programs through support of our annual business plan and in turn, the development of our people. CI emphasizes the principles of involving and empowering our employees to make positive and productive change in their daily work. This briefing paper provides an update of our 2021 activities and a look ahead into our plan for 2022.

2021 Update

With the extension of dispersed operations due to the persistence of COVID-19 through the first three quarters of 2021, the CI team continued using virtual techniques for the majority of CI activities. Two members of the five-member team continued their voluntary assistance during the hiring freeze in other divisions for the first half of 2021. A number of CI activities anticipated to begin in early 2021 (e.g. One Water Value Stream, Customer Experience Value Stream, Safety Value Stream, and Facility Management Value Stream) were pushed out into late 2021 or early 2022 largely due to pandemic-related staffing issues in the respective Divisions. However, we still experienced engagement in other continuous improvement activities.

In 2021 we had 377 team members report participation in some form of CI activities - more than 55 employees participating in rapid improvement events (RIE's), 13 participating in choosing by advantages (CBA) events, 61 participating in value stream assessment (VSA) events, 225 participating in voice of the customer events, and 23 engaged in the CI leadership workshop.

Metric	2016	2017	2018	2019	2020	2021
Participation	333	592	774	398	373	377
Adoption of Visual Control	75	286	356	354	N/A	N/A
Quality	4.0	4.5	4.6	4.6	4.7	4.3

As noted in 2020, traditional CI adoption of visual control was difficult to measure in 2021 as well. This was largely due to the COVID-19 workplace restrictions however, the adoption of virtual tools (e.g., Mural, Zoom and Microsoft Teams) by Denver Water team members likely led to an increased adoption of daily standup meetings across the organization and more frequent communication and

discussion of current state operations using visual controls. Finally, the average CI quality score (as measured by post-event surveys) remained positive with 4.3 out of a 1-5 scale.

2021 Rapid Improvement Events:

In conjunction with the two events highlighted below related to the use of CI and pandemic caused issues, there were also several RIE's over the course of the year where employees drove operational improvements in the areas of Dispatch, Asset Management and Maximo visual management.

COVID 19 Transition: A group of employees, including the executive team, participated in a COVID transition continuous improvement event in February. The goal of this effort was to emerge from the pandemic with a healthy, emotionally strong, engaged, and energetic work force. Listening sessions with employees were held to gather input regarding what has and has not worked well during the pandemic, and to identify future opportunities to provide flexibility while increasing efficiency and performance. Using feedback from those sessions, the team developed a plan and draft transition schedule, with triggers tied to community and Denver Water COVID metrics. This team has actively engaged on a weekly basis since the February event addressing issues and general questions related to the transition ensuring we are prepared for our mid-November return.

Warehouse 6S: Supply chain constraints due to the pandemic forced the warehouse to store significantly more inventory on hand than in the past. A 6S event was executed to consolidate space and improve accessibility and inventory management. The event focused on inventory stored by Public Affairs, Information Technology, and the Lead Reduction Program. Team members included fresh eyes from Engineering and Water Treatment. The event benefits included gaining 41% more storage in the area of focus as well as implementation of a new framework to address future storage issues.

2021 Value Streams

CI also guides value stream level improvement activities across multiple divisions. The value streams noted in the 2021 Business Plan are summarized below.

Enterprise Project Management Office:

The Enterprise Project Management Office value stream conducted two rapid improvement events in 2021. The first was the Enterprise Project Reporting RIE which focused on the development of unified project portfolio dashboards, metrics, and reporting. The second was the Project Prioritization RIE which produced a consolidated business case submission, approval, selection, and prioritization process to be used during the annual planning cycle. The team also developed an organizational change management strategy and communication plan which is being executed for each phase of the rollout. The EPMO value stream activities will continue in 2022 with a value stream refresh in January and a Capacity Planning RIE in February.

Customer Experience Value Stream: Although the Customer Experience value stream was set to refresh in 2021, two factors delayed its launch. First, the implementation of the Lead Reduction Program required significant resources from various workgroups – including Customer Relations. Second, COVID-19 created capacity concerns. It is expected that this value stream will launch in early 2022 and use the data from the 2021 customer benchmark survey as the basis for improvement.

Procurement and Contracting Value Stream: The focus of this value stream is on the internal customer, balancing simplicity of purchasing goods and services with internal controls, risk mitigation and providing the best value to Denver Water. This effort includes updated procurement policies and procedures including a centralized resource page with easy-to-use guides. The objectives of the value stream are to ensure employees:

1. Can quickly determine which procurement method to use when purchasing goods and services for their job.
2. Have the tools and resources to develop comprehensive contracts that provide the best value to Denver Water and mitigate risk.
3. Can effectively manage vendor relationships and performance.

Additionally, procurement held two voice of the customer sessions in August to provide feedback on the central resource page. After the resource page is complete, this process will be revisited and evaluated for opportunities to improve.

Safety Value Stream: The Safety value stream is set to refresh in Q4 of 2021. The emphasis of this refresh is to further enhance the Safety Maturity Index with an emphasis on the IAM Safety program that focuses on a proactive safety culture. IAM safety represents an organizational effort that empowers all employees to (I)dentify Hazards, (A)ssess risks and (M)ake good decisions. The goal of the program is to better educate and empower employees to make safe and smart decisions while conducting their work. The Safety Team will work directly with field staff to address safety concerns at the point of need. This will involve a variety of activities such as enhanced job hazard analyses, additional training and assessing occupational safety and health risks.

2022 Objectives

In 2022, the CI team will continue to support the work of the annual business plan through its corresponding value streams and identified CI activities as listed below:

- Safety
- Customer Experience
- Procurement & Contracting
- Business Acumen workshop
- Enterprise Project Management Office
- One Water

Owner(s)

David Winter, Director Organizational Improvement, Office of People and Strategy

Attachments

N/A

Respectfully submitted,

David Winter, Director Organizational Improvement Julie Anderson, Chief of Staff