AGENDADenver Board of Water Commissioners

Video Conference: http://zoom.us/join, Meeting ID: 859 6242 5156 - Passcode: 971434 or

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Members of the public are asked to participate via video conference due to COVID-19 safety protocols

Wednesday, June 8, 2022 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. Legislative Update Andrew Hill 10 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 May 11, 2022
- 2. Minutes from May 25, 2022
- 3. Recycling Plant Chlorine and Solids Removal System Improvements Contract 505001
- 4. Valve Exercising Services Contracts 505194, 505301, and 505302



B. Individual Approval Items

1. Response to Rising Cost of Living

Jim Lochhead

10 minutes

III. POLICY MATTERS

IV. EXECUTIVE UPDATE

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

V. BRIEFING PAPERS & REPORTS

A. Briefing Paper

- 1. IT Strategy Update
- 2. Legislative 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

Meeting Date: June 8, 2022 Board Item: II-A-3

Recycling Plant Chlorine and Solids Removal Systems Improvements Contract 505001

⊠Action by Consent	□Individual Action

Purpose and Background:

The purpose of this Board item is to execute a contract to replace several pieces of equipment and provide safer operating conditions at the Recycling Treatment Plant. Most of the equipment is Owner-furnished due to long lead times and supply chain delays. This project has the following key components:

- Replacement of the original traveling solids removal mechanism parts to continue operating effectively.
- Replacement of the original chlorine evaporators that have sustained significant corrosion to provide safer operating conditions.
- Conversion of the existing chlorine scrubber which uses caustic soda to neutralize chlorine gas
 in the event of an accidental release to a dry media scrubber. This will provide safer operating
 conditions by eliminating operator exposure to caustic soda.
- Enlarged access to the chemical room to facilitate with loading the new media.

Budget and Schedule:

The total amount of this contract is \$828,000 and the term of the contract is June 8, 2022 through April 20, 2023. Funds for this contract will come from the 2022 budget for Recycling Plant Chlorine and Solids Removal Systems Improvements business unit, which has sufficient funds to pay the \$528,000 estimated to be needed in 2022. The remaining \$300,000 will be budgeted in year 2023.

Selection of Business Partner:

Denver Water solicited bids from three general contractors listed on the prequalified contractor list under the Water Treatment and Pump Station disciplines. This contract was a restricted bid process using invitations to bid on the QuestCDN platform. On May 12, 2022, bids were received from three general contractors. Garney Companies, Inc. was selected based on the lowest cost bid.

S/MWBE Information:

The Small Minority and Women-owned Business Enterprise goal established for this project is 3% participation. Garney Companies, Inc. has proposed 11.5% participation.

Recommendation:

Staff recommends that the Board approve Contract 505001 with Garney Companies, Inc. for Recycling Plant Chlorine and Solids Removal Systems Improvements for the contract period June 8, 2022 through April 20, 2023 for a total contract amount not to exceed \$828,000.

Approvals

☑ James S. Lochhead, CEO/Manager	\square Brian D. Good, Chief Administrative Officer
☐ Julie Anderson, Chief of Staff	$\hfill \square$ Richard B. Marsicek, Chief Water Resource Strategy Officer
□ Jessica R. Brody, General Counsel	⊠ Robert J. Mahoney, Chief Engineering Officer
☑ Angela C. Bricmont, Chief Financial Officer	☐ Thomas J. Roode, Chief Operations Officer

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Meeting Date: June 8, 2022 Board Item: II-A-4

Valve Exercising Services Contracts 505194, 505301 and 505302

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⊠Action by Consent	□Individual Action

Purpose and Background:

The purpose of this Board item is to award two contracts for valve exercising and repair services on valves in the Water Distribution system. Denver Water has more than 80,000 valves in the system and valve sizes range from 4- to 120-inches. Valves are critical to managing the system for planned and unplanned outages, which directly impacts our customers. In accordance with industry and AWWA best practices, Denver Water is implementing a valve exercising program that promotes ongoing valve assessment, improvement, information management, and operability of all valves. Over the last few years, Denver Water has piloted contracts to performing this work on a smaller scale to identify and resolve logistical challenges and determine the efficiency of the approach. The approach is more efficient than utilizing internal resources and provides better flexibility to adjust the resourcing of the program in the future.

Budget and Schedule:

The total combined amount of these contracts is not to exceed \$1,120,000 and the term of the contracts are June 8, 2022 through June 30, 2024. Funds for these contracts will come from the 2022 budget for System Quality and Valve Operations, which has sufficient funds to pay the \$560,000 estimated to be needed in 2022. The remaining \$560,000 will be budgeted in 2023 and 2024. The term of each contract is two years.

Selection of Business Partner:

Contractors were selected through an RFP process advertised by posting to Denver Water's website and on Rocky Mountain E-Purchasing System (BidNet), and through direct email. Denver Water received three responses. Based on best value, Pure Technologies U.S. and Distribution System Resources are recommended for contract awards.

S/MWBE Information:

Valve exercising services are specialized and it was uncertain whether an S/MWBE goal could be achieved without significantly impacting pricing. However, Distribution System Resources is a certified SBE, resulting in an overall S/MWBE participation rate of 36%.

Recommendation:

Staff recommends that the Board approve Contract 505194 (funds only), 505301 with Pure Technologies U.S. and Contract 505302 with Distribution System Resources for valve exercising and repair services for the contract period June 8, 2022 through June 30, 2024 for a total contract amount not to exceed \$1,120,000.

Approvals

⊠ James S. Lochhead, CEO/Manager	\square Brian D. Good, Chief Administrative Officer
☐ Julie Anderson, Chief of Staff	$\hfill\square$ Richard B. Marsicek, Chief Water Resource Strategy Officer
☐ Jessica R. Brody, General Counsel	☐ Robert J. Mahoney, Chief Engineering Officer
⊠ Angela C. Bricmont, Chief Finance Officer	



Meeting Date: June 8, 2022 Board Item: II-B-1

Response to Rising Cost of Living

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□Action by Consent	⊠Individual Action
Purpose and Background: The purpose of this Board item is to seek approval for a employee in response to the rising cost of living.	a one-time payment to each Denver Water
Denver Water closely monitors employee base pay and market-based and competitive. However, our annual n structure are designed to smooth market trends over tirterm swings in inflation.	nerit increases and changes to our compensation
In March, the U.S. Bureau of Labor Statistics reported placed for All Urban Customers) in the Denver-Aurora-Lakewo March, up 9.1 percent over the last 12 months. This is	od area increased 2.0 percent in February and
Moody's Analytics recently estimated that nationally, in additional \$296 per month. The impact of this increase Denver Water employees and their families.	
To address the impacts of rising costs and to continue market, Denver Water proposes a one-time payment or employees (pro-rated for part-time employees) paid by	f approximately \$1,800 after tax for full-time
Budget and Schedule: The proposed one-time payment, plus applicable payro \$3.0M to the 2022 budget.	oll taxes, results in a variance of approximately
Recommendation: Denver Water recommends the Board approve a one-t for full-time employees (pro-rated for part-time employees)	
Approvals	



 \square Brian D. Good, Chief Administrative Officer

☐ Robert J. Mahoney, Chief Engineering Officer

☐ Thomas J. Roode, Chief Operations Officer

☐ Richard B. Marsicek, Chief Water Resource Strategy Officer

☐ Jessica R. Brody, General Counsel

☑ Angela C. Bricmont, Chief Financial Officer

Meeting Date: June 8, 2022 Board Item: V-A-1

Briefing Paper for IT Strategy Update

Strategic Plan Alignment

Denver Water's Information Technology (IT) teams provide reliable, effective, and innovative solutions that enable all Denver Water functions to serve our customers by being a national leader in delivering clean water, operating and maintaining a reliable and resilient system, and protecting the water resources of the West.

Background

Several steps were completed in 2021 to shape IT strategy. Better alignment with operations were derived from an internal voice of the customer survey, administered by a third party. Opportunities for further growth of cloud technologies were identified during an externally-facilitated workshop. A new roadmap of initiatives to modernize enterprise applications used at Denver Water was developed. IT completed several milestones on the Cybersecurity Maturity Roadmap in partnership with the Information Security Office (ISO). Additionally, a SCADA Master Plan was published.

Approach

IT delivers a comprehensive collection of services, including: project planning and delivery, software implementation and support, direct end-user support, network and communication infrastructure, operational technology (SCADA), vendor management, and more. IT utilized a third party to assess its operational maturity in 2021. The assessment included a survey administered to internal section leaders and executive team members. The results provided insights for aligning IT services with operational needs. The IT strategy is organized into three focus areas to achieve that alignment: business partnership, preparing for the future, and risk management.

Business Partner

Strong partnerships across divisions foster awareness of needs and innovative ideas. One 2022 goal is for IT employees to spend at least 500 collective hours in the field with various customer-facing functions to learn more about Denver Water operations and strengthen relationships.

IT delivers value through project delivery, and ended 2021 with a project execution metric (on time and budget) of 67%. This represents a significant increase compared to 9% at the conclusion of 2020. IT is on-track to achieve 85% project execution by the end of 2023. The creation and adoption of IT resource capacity planning tools and standard work contributed to the rapid pace of improvement.

Denver Water's mission is to provide customers with clean water and great, reliable service. In April, IT supported that mission by delivering a refreshed customer self-service portal for bill-pay and consumption insights, as well as a new call center platform. A project to implement an integrated system for public affairs outreach will begin later this year.

Denver Water work groups utilize technology to perform daily planning and operational work. The external cloud technologies market is rapidly introducing solutions that increase workplace efficiencies. Working with business stakeholders, IT developed a roadmap for future software improvements. The roadmap will be revisited annually to enable flexibility. This year, a study to explore alternatives for

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our telecommunications system will be conducted. Also this year, completion of the Enterprise Reporting Tool will be the first step towards replacing the existing business analytics reporting platform with an easier-to-use solution. A study of work and asset management needs will be conducted in 2023 to determine how to best support those who maintain Denver Water's physical infrastructure. Efforts to replace the financial system and evaluate our customer billing system will follow in later years.

Prepare for the Future

Denver Water utilizes long-term planning to anticipate needs and provide predictable budgetary trends. IT has developed a rolling three-year forecast of IT spend. This time horizon allows for adaptation as organizational needs evolve and as external market forces influence availability of options and cost. The IT budget is expected to increase in coming years to accommodate planned initiatives.

IT collaborated with Operations & Maintenance, Finance, and Engineering in 2021 to publish a SCADA Master Plan. This working document defines standards for maintenance, upgrades and advancements to industrial control systems across Denver Water's system. The plan will be refreshed annually.

A gradual shift to more cloud technologies at Denver Water will require changes to the IT support model. IT is developing a plan for governance, cost monitoring, system architecture, change management and revised staffing for a future that will feature more cloud-based solutions.

Manage Risk

IT partnered with the Information Security Office to create a roadmap to achieve a target cybersecurity maturity score. The roadmap contains a collection of projects to protect our network and software from cybersecurity threats.

The organization's 100+ year history has produced a vast amount of digital information requiring a mature governance model. A project initiated this year, in partnership with Records and Documents Administration, will create a roadmap to define and achieve the desired target state.

Owner(s) Virginia Roberts - Administration

Attachments IT Strategy Update presentation

Respectfully submitted,

Meeting Date: June 8, 2022 Board Item: V-A-2

Briefing Paper for Legislative Update

Strategic Plan Alignment

Denver Water's Strategic Plan calls for an organization with satisfied and supportive customers and strategically effective relationships to enhance our trusted leadership. Part of that effort is fostering strong relationships with community leaders, as well as government officials at the local, regional, state, and national levels. Our activity at the Colorado Legislature supports our role as a thought leader and allows us to impact policy and regulatory matters that affect the organization.

Summary

The second regular session of Colorado's 73rd General Assembly adjourned sine die on May 11, 2022. A total of 717 bills were introduced during the session. Of the 42 bills the Denver Water Legislative Review Team tracked, the majority addressed wildfire prevention and mitigation, water rights, water quality, sustainability, and employment-related matters. Compared to past sessions, however, relatively few bills significantly impacted Denver Water. Consequently, Denver Water was able to monitor most legislation.

The final summary of the positions Denver Water took during the session breaks down is as follows:

- Support Three bills, all of which passed.
- Amend Three bills. Two amendments were accepted; one was rejected.¹
- Monitor 38 bills; 29 of which passed and nine of which lost.²
- Oppose None. Denver Water did not register an "oppose" position on any introduced legislation.

Interim committees, including the Water Resources Review Committee and the Wildfire Matters Review Committee, will meet this summer. Notably, Denver Water plans to host a Water Resources Review Committee hearing this summer. Denver Water will closely monitor any developments that may arise from interim committees.

Below are notable bills from the 2022 legislative session:

SB22-114 Fire Suppression Ponds Water Rights. This bill allows a board of county commissioners, in consultation with its local fire protection district, to designate certain ponds for use in fire suppression in accordance with rules promulgated by the Division of Fire Prevention and Control (Division) within the Department of Public Safety. The board of county commissioners may then apply to the State Engineer for the designation of a pond for fire suppression use. The State Engineer may grant or deny the designation based on a variety of factors.

When the bill was introduced, Denver Water staff believed it inadequately protected decreed water rights holders from injury. Denver Water, along with other

² Denver Water formally registered a "monitor" position in connection to five bills. The remaining bills were informally monitored.



¹ Denver Water unsuccessfully attempted to amend HB22-1272.

stakeholders, successfully pushed several amendments that reduced the risk of injury. The final bill now prohibits the State Engineer from designating any pond that: existed after 1972; has decreed storage rights for consumptive uses or other uses outside of the pond itself; is included in a plan for augmentation, an appropriative right of exchange, or a state-approved substitute water supply plan (SWSP); or exceeds 6 acres in surface area.

A board of county commissioners must also provide notice of the designation to interested parties, and the State Engineer must determine that no material injury will take place in order to grant a designation. An interested party may appeal the State Engineer's decision in that county's respective water court within 70 days of the State Engineer's designation. If appealed, the water court must review the State Engineer's decision *de novo*, based on the administrative record, and can nullify the designation if the board of county commissioners or the State Engineer did not comply with the statute or the criteria promulgated by the Division.

After these changes were adopted, Denver Water monitored the bill. Staff believes these changes balance the need to help rural firefighting and the need to protect decreed water rights holders from material injury.

HB22-1151 Turf Replacement Program. This bill requires that the Colorado Water Conservation Board (CWCB) develop a statewide program to provide financial incentives for the voluntary replacement of irrigated turf with water-efficient landscaping. Local governments, including Denver Water, could apply to CWCB for money to help finance existing or planned turf replacement programs. For future programs, CWCB will contract with third-party vendors to administer any turf replacement programs where local programs do not currently exist.

Denver Water monitored this bill throughout the session. This bill will likely lead to heightened customer engagement regarding conservation and provide the opportunity for additional funding for Denver Water's Garden-in-a-Box program or other ways to help customers replace turf with water-wise landscapes that will better prepare our landscapes for dry conditions.

HB22-1345 Perfluoroalkyl and Polyfluoroalkyl Chemicals. As introduced, this bill would have prohibited several products that contained perfluoroalkyl and polyfluoroalkyl (PFAS) chemicals and established an ongoing regulatory scheme to phase out the sale or distribution of products that contain intentionally added PFAS chemicals. This bill was significantly narrowed to remove this regulatory scheme and removed several products from list of prohibited items. Now, the bill bans the sale of the following products, with some exceptions, if the products contain intentionally added PFAS chemicals:

- Carpets or rugs;
- Cosmetics;
- Fabric treatments;
- Food packaging;
- Juvenile products;
- Oil and gas products;
- Textile furnishings; and
- Upholstered furniture.

Denver Water was supportive of this bill. Although the bill was narrowed in scope, staff still believes it is an important step in stopping PFAS chemicals from

being introduced into the water cycle.

HB22-1358 Clean Water in Schools and Child Care Centers. As introduced, all public K-12 schools, child care centers, and family child care homes would have been required to install and maintain a lead filter on each drinking water source within 180 days. Additionally, schools and child care centers would have been required to maintain their filters, regularly test their drinking water, and, if necessary, conduct remediation efforts. Water utilities would also have been required to replace any lead service line if a school, child care center, or family child care home if that entity became aware that a lead line existed and notified the utility.

This bill was amended to flip the original "filter then test" structure of the bill. Now, the bill requires preschool through eighth-grade schools, child care centers, and family child care homes to test their drinking water sources by May 31, 2023, using a state-certified laboratory in accordance with federal Lead and Copper Rule guidance. Within 30 days after receiving the results of a test, the schools must make the results publicly available and report them to the state Water Quality Control Commission. If a test shows an exceedance of lead above 5 parts per billion, the school must take steps to remediate the drinking water source. The bill allocates money to the Colorado Department of Public Health and Environment to reimburse schools for the costs of complying with the bill's requirements. These changes reduced the cost of the program from approximately \$34.4 million to \$20.5 million.

Denver Water monitored this bill throughout the session. Although water utilities are not explicitly mentioned in the bill, Denver Water is a leading resource in lead removal and often asked to provide technical and communications guidance, as well as support. It is not yet clear what support Denver Water will be asked to provide based on how the law is implemented. Staff is currently evaluating a variety of scenarios based on our current work with schools within our service area.

HB22-1379 Wildfire Prevention Watershed Restoration Funding. Denver Water supported this bill, which transfers money from the Colorado Economic Recovery and Relief Fund to provide additional funding for watershed resilience; wildfire mitigation and fuel reduction projects; to the CWCB for watershed restoration and flood mitigation grants; and to help political subdivisions apply for federal Infrastructure Investment and Jobs Act money. Staff believes this bill will provide significant funding for watershed restoration projects, which will benefit Denver Water and its partners if wildfires occur in collection system watersheds.

SB22-113 Artificial Intelligence and Facial Recognition Services. As introduced, this bill would have imposed a number of requirements upon any local government that used or intended to use a facial recognition service (FRS). Specifically, it would have required the government to file a notice of intent to use the FRS and specify a purpose for which the technology is to be used. Late in the session, however, the bill was amended to prohibit local governments from contracting with any vendor that would sell or use FRS.

Staff believed this was an unreasonable restriction on future potential use of FRS, particularly in connection to protecting access to critical physical and cyber infrastructure. Denver Water and other public agencies were able to secure an amendment that exempted utilities from the bill's requirements and allowed FRS to be used in connection with controlling access to secure facilities. This should

ensure that Denver Water has the future ability to pursue the best available technology to protect its critical infrastructure from unauthorized access.

Attached to this briefing paper is a summary table of all the bills Denver Water tracked during the session.

Background N/A

Budget N/A

Alternatives N/A

Approach N/A

Owner(s) Office of People and Strategy

Attachments Summary Table of 2022 Legislation

Respectfully submitted,

☑ Andrew Hill, Government Affairs Liaison

Denver Water Final Legislative Summary Table – 2022 Legislation

Bill#	Title	Position	Status
HB22-1092	Loans From Irrigation Districts to Landowners	Monitor	Passed
SB22-028	Groundwater Compact Compliance Fund	Monitor	Passed
SB22-029	Investment Water Speculation	Monitor	Lost
<u>SB22-030</u>	Expand Water Resources Review Comm. to Include Ag.	Monitor	Passed
SB22-002	Resources for Volunteer Firefighters	Monitor	Passed
<u>HB22-1011</u>	Wildfire Mitigation Incentives for Local Governments	Monitor	Passed
<u>HB22-1012</u>	Wildfire Mitigation and Recovery	Monitor	Passed
HB22-1007	Assistance Landowner Wildfire Mitigation	Monitor	Passed
SJR22-002	Water Projects Eligibility Lists	Monitor	Passed
SB22-007	Increase Wildfire Risk Mitigation Outreach Efforts	Monitor	Passed
SB22-114	Fire Suppression Ponds Water Rights	Monitor	Passed
SB22-080	Wildland Fire Investigations	Monitor	Lost
HB22-1132	Regulation and Services for Wildfire Mitigation	Monitor	Passed
HB22-1024	Sales and Use Tax Exemption Municipal Public School	Monitor	Passed
HB22-1025	Repeal of Infrequently Used Tax Expenditures	Monitor	Passed
HB22-1026	Alternative Transportation Options Tax Credit	Monitor	Passed
HB22-1039	Sales & Use Tax Exemption Form Simplification	Monitor	Passed
HB22-1104	Powerline Trails	Monitor	Passed
HB22-1112	Workers' Compensation Injury Notices	Monitor	Passed
HB22-1138	Reduce Employee Single-Occupancy Trips	Monitor	Lost
SB22-126	Prioritize Storage on South Platte	Monitor	Lost
HB22-1151	Turf Replacement Program	Monitor	Passed
HB22-1194	Local Firefighter Safety Resources	Monitor	Passed
HB22-1148	Wildfire Camera Pilot Program	Monitor	Lost
HB22-1152	Prohibit Employer Adverse Action of Marijuana Use	Monitor	Lost
SB22-113	Facial Recognition	Amend	Passed
SB22-131	Protect Health of Pollinators and People	Monitor	Lost
HB22-1272	Repeal of Attorney Fees on Motions to Dismiss	Monitor	Passed
<u>SB22-158</u>	Species Conservation Trust Fund Projects	Support	Passed
HB22-1305	Paid Family Medical Leave Premium Reduction	Monitor	Lost
SB22-161	Wage Theft Employee Misclassification Enforcement	Monitor	Passed
HB22-1316	CWCB Construction Fund Project	Monitor	Passed
<u>HB22-1322</u>	Water Quality Regulation	Monitor	Passed
HB22-1345	Perfluoroalkyl and Polyfluoroalkyl Chemicals	Support	Passed
HB22-1346	Electrician Plumber Licensing Apprentice Ratio	Monitor	Passed
HB22-1347	Workers' Compensation Updates	Monitor	Passed
HB22-1358	Clean Water in Schools and Child Care Centers	Monitor	Passed
HB22-1363	Accountability to Taxpayers Special Districts	Monitor	Lost
HB22-1367	Updates to Employment Discrimination Laws	Monitor	Passed

HB22-1379	Wildfire Prevention Watershed Restoration Funding	Support	Passed
SB22-215	Infrastructure Investment and Jobs Act Cash Fund	Monitor	Passed
SB22-208	Condemned Conservation Easement Property Compensation	Monitor	Passed