

AGENDA

Denver Board of Water Commissioners

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

Wednesday, October 10, 2018 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

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 September 12, 2018 – Open and Executive
2. Minutes from September 26, 2018 – Open and Executive
3. Purchase and Sale Agreement for Five Shares of Nevada Ditch
4. Intergovernmental Agreement with Town of Morrison Related Discharges Upstream of Harriman Ditch
5. Second Amendment to Contract 503012 for Chemical Feed Systems Design for Marston and Moffat Treatment Plant

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

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



B. Individual Approval Items

- | | | | |
|----|--|-------------|-------|
| 1. | Resolution Opposing Amendment 74 –
Just Compensation for Reduction in Fair
Market Value by Government Law or
Regulation | Chris Piper | 5 min |
|----|--|-------------|-------|

III. POLICY MATTERS

- | | | | |
|----|--|----------------|--------|
| A. | Foothills Update | Ryan Walsh | 10 min |
| B. | Asset Management Strategy | Garth Rygh | 45 min |
| C. | GRE Procurement Strategy | Jeff Martin | 45 min |
| D. | First Reading of 2019 Water Rates | Fletcher Davis | 15 min |

IV. EXECUTIVE UPDATE

- A. CEO Update
- B. CFO Update
- C. Operations Update
- | | | | |
|----|---|------------------|--------|
| 1. | Business Technology Transformation | Virginia Roberts | 15 min |
|----|---|------------------|--------|

V. BRIEFING PAPERS & REPORTS

A. Briefing Paper

1. Briefing Paper for Business Technology Transformation
2. Briefing Paper for 2019 Merit Compensation Strategy
3. Briefing Paper for Medical and Dental Plans

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
C.R.S. Sec. 24-6-402 or D.R.M.C Sec. 2-34.

A. Confidential Report § 24-6-402(4)

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: October 10, 2018

Board Item: II-A-3

Purchase and Sale Agreement for 5 Shares of Nevada Ditch

Action by Consent

Individual Action

Purpose and Background:

This agreement is being entered with Great Plains Water, LLC to acquire 5 shares of Nevada Ditch. The Nevada Ditch is a senior South Platte River water right that diverts at the Chatfield Reservoir outlet manifold and was historically used for irrigation of farmland downstream of Chatfield Reservoir. Denver Water currently owns approximately 51% of the 260 available ditch shares. Preliminary engineering indicates that following a change of use in water court, the shares would provide an average annual yield of approximately 165 acre feet of reusable South Platte River water to Denver Water's system.

Budget and Schedule:

The total purchase price for the 5 shares of the Nevada Ditch is \$3,000,000.00. Funds for this acquisition have been included in the 2019 budget in Business Unit 2009612008 - Water Rights - Maintenance, Evaluation, and Acquisition.

Recommendation:

It is recommended that the Board:

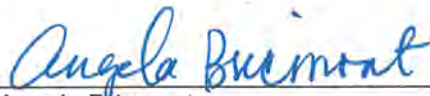
1. Approve the purchase and sale agreement with Great Plains Water, LLC for acquisition of 5 shares of Nevada Ditch for a total amount not to exceed \$3,000,000.00; and
2. Authorize the CEO to enter into subsequent amendments of the purchase and sale agreement and other agreements necessary to purchase the 5 shares of Nevada Ditch from Great Plains Water, LLC, subject to the approval of the Board's General Counsel.

Approvals:



Mike King
Chief of External Affairs

Respectfully submitted,


for James S. Lochhead
CEO/Manager

Angela Bricmont
Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: October 10, 2018

Board Item: II-A-4

Intergovernmental Agreement with Town of Morrison Related Discharges Upstream of Harriman Ditch

Agreement # 503509

Action by Consent

Individual Action

Purpose and Background:

In the 1950's the Town of Morrison (Morrison) transferred agricultural water rights for their own municipal use historically diverted from Bear Creek. Morrison agreed to pump its municipal wastewater return flows from the transferred water rights to a point above the Harriman Ditch. Denver Water owns water rights in the Harriman Ditch, and became concerned about the quality of water in Bear Creek, partly due to Morrison having issues with meeting ammonia effluent limits. In 1988, the two entities signed a letter agreement limiting the need for Morrison to pump its effluent upstream.

In 2013, Morrison constructed a new wastewater treatment plant. The upgraded treatment plant includes tertiary treatment. Morrison has not had any exceedances of their permit limits since the plant upgrade. These improvements along with more protective stream standards and permit limits have addressed Denver Water's concerns that triggered the restrictions in the 1988 agreement.

This proposed IGA requires that Denver Water be contacted if Morrison pumps its discharge above the Harriman Ditch, but removes the requirement for maximizing nitrification as this condition now required as part of Morrison's normal operations to meet current effluent limits and ammonia monitoring is now part of Morrison's permit from the Colorado Department of Public Health and Environment (CDPHE).

Recommendation:

It is recommended that the Board approve Agreement Number 503509, an intergovernmental agreement with the Town of Morrison modifying a 1988 letter agreement related to pumping discharge above the Harriman Ditch due to changes in operations over the last 30 years.

Approvals:



Mike King
Chief External Affairs Officer

Respectfully submitted,



James S. Lochhead
CEO/Manager

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: October 10, 2018

Board Item: II-A-5

Second Amendment to Contract 503012 for Chemical Feed Systems Design for Marston and Moffat Treatment Plants

Action by Consent

Individual Action

Purpose and Background:

The Colorado Department of Public Health and Environment (CDPHE), the state's drinking water quality regulatory agency, requires that Denver Water add phosphate to the water system for the control of lead corrosion. This designation was provided in a letter dated March 20, 2018 with implementation required at all three drinking water plants (Foothills, Marston, and Moffat) by March 20, 2020. Chemical Feed System work at the Foothills Treatment Plant is in the construction phase and will be completed by mid-April of 2019.

This Second Amendment includes design services for Chemical Feed Systems at the Marston and Moffat Treatment Plants to comply with CDPHE's order. The original Request for Proposal stated future contract amendments are at Denver Water's discretion to retain the chosen consultant team to provide final design work and services during construction.

Work at the Marston Treatment Plant includes: converting from fluoride solution to dry fluoride to make room for phosphate solution, a phosphate solution feed system, and modifications to the existing sodium hydroxide feed system. Work at the Moffat Treatment Plant includes a phosphate solution feed system.

Budget and Schedule:

The amount requested for Amendment No. 2 is \$503,738. A table showing the history of agreements is below:

Item	Cost	Description
Original Agreement	\$431,304.00	Conceptual Design of Chemical Feed System at Foothills, Marston and Moffat
Amendment No. 1	\$500,177.30	Design and Construction Services for Foothills Chemical Feed System
Amendment No. 2	\$503,738.00	Design Services for Marston and Moffat Chemical Feed Systems
Total Contract Amount	\$1,435,219.30	

Funds for this Second Amendment will come from the 2018 budgets for the Marston Chemical Feed Systems Business Unit (2009612302) and Moffat Chemical Feed Systems Business Unit (2009612303). An estimated \$260,000 is needed in 2018 for Amendment No. 2. The remaining \$243,738 is budgeted in year 2019. The term of this amendment is October 10, 2018 to June 30, 2019.

The two business units have a combined 2018 budget of \$210,520. The total project forecast for 2018 is \$570,000. A project variance of \$359,480 is required for 2018 because of the CDPHE regulatory requirements for phosphate addition versus the original plan and associated budget to increase pH. This variance, approved by the System Managers on October 1, 2018, covers Denver Water applied labor, conceptual design, and final design.

Selection of Business Partner:

Brown and Caldwell was selected for the agreement through a quality-based selection process which included 4 proposers. The original agreement was awarded November 30, 2017 in the amount of \$431,304.00. These services during design will be billed at the hourly rate in the competitively-procured agreement. A future amendment is anticipated for services during construction.

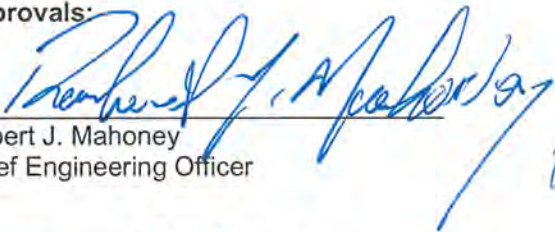
S/MWBE Information:

An MWBE goal of 5% was established for this work. Brown and Caldwell has committed to MWBE participation of 15%.

Recommendation:

It is recommended that the Board approve the Second Amendment to Agreement 503012 with Brown and Caldwell for design services for an addition of \$503,738.00 for a total amended contract amount not to exceed \$1,435,219.30.

Approvals:



Robert J. Mahoney
Chief Engineering Officer

Respectfully submitted,



for James S. Lochhead
CEO/Manager



Angela Briemont
Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: October 10, 2018

Board Item: II-B-1

Resolution Opposing Amendment 74 Just Compensation for Reduction in Fair Market Value by Government Law or Regulation

Action by Consent

Individual Action

Purpose and Background:

Consideration of a resolution opposing Amendment 74 on this November's statewide ballot regarding "Just Compensation for Reduction in Fair Market Value by Government Law or Regulation."

If passed, Amendment 74 would have negative consequences for Denver Water. Below is our summary of Amendment 74, which includes potential consequences to Denver Water.

- Amendment 74 will appear on Colorado's statewide ballot in this November's election as an amendment to the Colorado Constitution.
- It creates a new form of taking that requires just compensation for any reduction in fair market value for any private property, tied to any government law or regulation, including but not limited to zoning, noise regulation, building code changes, and measures required for the protection of public health or safety.
- Denver Water could be subject to this measure when setting and implementing regulations such as drought restrictions or plan review requirements, as it could be argued that fair market value of property is diminished.
- Similar efforts have been attempted and defeated in other states, such as the states of Washington and Oregon. The fiscal impact for similar language in Washington was estimated at \$2 billion dollars for state agencies and \$1.5 billion for local governments over the first six years; and individuals filed billions of dollars in claims in Oregon before the residents repealed the takings initiative three years after its passage.
- The Colorado Municipal League has taken a very strong position in opposition arguing:
 - There will be major consequences upon various state agencies like CDOT, DNR, and CDPHE.
 - A whole new system of courts resolving property disputes may be required. This language will be the preferred legal "weapon of choice" for one property owner to sue another property owner. There is no levelling of the playing field for the "little guy" in this measure. Those with deep pockets will surely take advantage of Amendment 74 and go as far as they can.
 - The amendment does not specify which regulations are implicated. Litigation costs will be significant, and definitely affect city and town budgets in a manner that existing programs and services may well be constricted or eliminated. Impacts upon municipal decision making will be extensive and damaging.
- Those opposing Amendment 74 currently include:
 - Denver Mayor Michael Hancock
 - Denver City Council
 - Colorado Municipal League
 - Denver Metro Chamber of Commerce
 - Colorado Realtors Association
 - Bell Policy Center
 - Colorado River District
 - Colorado Water Congress
 - Denver Regional Council of Governments

- Colorado Concern
- Several environmental organizations

Recommendation:

The Denver Board of Water Commissioners should consider approving the attached resolution: "RESOLUTION, DENVER BOARD OF WATER COMMISSIONERS, OPPOSING AMENDMENT 74." If passed staff will use customary means of communication to inform our customers of the Board's position.

Approvals:



Mike King
Chief External Affairs Officer

Respectfully submitted,


for _____
James S. Lochhead
CEO/Manager

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: October 10, 2018

Board Item: V-A-1

Business Technology Transformation Briefing Paper

Strategic Plan Alignment

Lenses: Customer Centric Industry Leader Long-Term View

This effort aligns with the Strong Financials and Excellent Operations perspectives of Denver Water's Strategic Plan as Denver Water seeks to make more responsible IT investment choices and lower IT spend to align with industry peers. Our plan is to achieve this target state through a business-driven governance process that aligns decisions with the Strategic Plan and compares alternatives to find cost-effective solutions.

Summary

Progress on the Business Technology Transformation (BTT) continued in the second and third quarters of 2018. A review of IT staffing levels and associated organizational structure changes were completed. Project performance reporting was developed. Project prioritization and capacity planning activities were executed to enable 2019 budget development. A plan to create new oversight structures for vendor management was established.

Background

Denver Water contracted the advisory services of Grant Thornton (GT) in 2017 to assess its IT strategy and benchmark spending against similar organizations. GT's IT Strategy Review recommended several changes aimed at improving the efficiency and effectiveness of IT at Denver Water. Key directives included: a revised IT governance model, gradual reduction of overall IT spend, and a shift towards outsourced solutions where appropriate. A five-year roadmap was created using GT's recommendations.

Approach

This paper provides an update on the progress of several tasks on the BTT roadmap, as well as the evaluation and ranking of new business technology advancement projects for 2019. The following roadmap tasks are addressed:

- Reduce Baseline Capacity for Advancement Projects by 50%-80%
- Reorganize Business Focused Scrum Teams
- Reduce Client Support Services Capacity by 25%
- Expand Vendor Management Skillset
- Migrate to an Enterprise Resource Planning (ERP) software solution
- Establish Formal Software Asset Management (SAM) Process
- Continue Design & Build of Modular Primary Data Center
- Board Authorization of IT Strategy, Updates and Annual Plan

(The complete five-year roadmap, and status of each task, has been attached.)

Reduce Baseline Capacity for Advancement Projects

A 67% reduction in baseline capacity for advancement projects (16 positions) was achieved through an involuntary Reduction in Force (7 positions) in August

2018 and through other employee attrition (9 positions) over the past two years. (Please reference the attached '2018 IT RIF' for an illustration.)

Reorganize Business Focused Scrum Teams

In conjunction with the IT RIF, the existing seven business-focused IT scrum teams were consolidated into three IT application teams, encompassing the following focus areas;

- Enterprise Resource Planning (ERP)
- Enterprise Asset Management (EAM)
- Customer Information Systems and Data Services (CIS & DS)

The operational impact of these staffing changes will be monitored over the next several years using the IT Project Performance metrics included in the Quarterly Performance Report.

Reduce Client Support Services Capacity

A 25% reduction in Client Support Services capacity (3 positions) has been achieved through employee attrition over the past two years. The operational impact of this reduction will be monitored over the next several years using the monthly IT Helpdesk Top-Box Satisfaction performance metric included in the Business Technology Balanced Scorecard Report.

Vendor Management

GT recommended the augmentation of internal vendor management skills and processes. A RIE was held in late May to create an action plan for execution, which includes: templates for IT Managers, standard work for contract negotiation, and a schedule for regular vendor performance evaluation based on organizational impact. The extent of the resulting action plan was underestimated when scheduling the RIE for May instead of earlier in the year, and is causing this task's status to be marked as red on the BTT Five-Year Roadmap Status Report. Still remaining is to train IT Vendor Managers, refine the Vendor Management Index for the Business Technology Balanced Scorecard, communicate expectations with vendors and update our procurement process flow map. The remaining tasks are targeted to be completed by the end of Q4.

Enterprise Resource Planning

See Board Briefing Paper: Business Technology Transformation – ERP Human Capital Management. The BTT Five-Year Roadmap Status Report has been revised to illustrate the shift to business process outsourcing and sequencing of Human Capital Management before the Enterprise Financial System migration evaluation.

Software Asset Management

Standard work has been put in place for evaluating software renewals that has provided a process that helps identify action that should be taken. We plan to create a process around how we will initiate eliminating, consolidating and/or migrating of applications in Q1 2019 which will be referred to the IT Project Management Office and Business Technology Management Office. There are a few administrative tasks that are currently being worked on which include: adding subcategories and Business Units into Flexera (a software asset management tracking tool) as well as resolving contract discrepancies found during renewal

reviews. Completion of these administrative tasks will be in Q1 2019. Since the RIE we have evaluated 71 software contract renewals with 33 remaining to evaluate in 2018. We anticipate 25 renewal reviews in Q1 2019. We have created a process board that provides details of each renewal effort and cost savings.

Modular Primary Data Center

Occupancy of the new OCR modular data center was delayed due to a cooling system failure in November 2017. Subsequent to resolving the cooling system issues in June 2018, it was determined that the underground Central Utility Plant water pipes needed to be relocated from under the modular datacenter in order to reduce risks. This change is planned to be completed by the end of October 2018. IT is planning to begin transitioning IT infrastructure equipment from the existing Administration Building data center to the new modular datacenter in November, with a target completion date in March 2019.

Board Authorization of IT Strategy, Updates and Annual Plan

Business Technology advancement projects were included for the first time in the 2nd Quarter Performance Report package. Work is underway to expand the report to include advancement and upgrade projects related to Operational Technology, Security, and IT Infrastructure. The Business Technology Annual Strategy report will be included in the 2018 Year-End Performance Update in March 2019. It will highlight the value verification results of completed projects, an updated Business Technology Balanced Scorecard, and more.

2019 Business Technology Advancement Projects

Business cases submitted this year for 2019 budget consideration totaled \$3.3MM, compared to \$6.4MM presented last year for 2018 consideration. That represents a 48% drop in demand for new Business Technology investments. An organizational focus on reducing software spend, as well as increased governance introduced by the Business Technology Management Office (BTMO) evaluation process, could be inferred as possible root causes for the decrease.

The BTMO utilized Choosing by Advantages to guide the Business Technology System Managers through the evaluation and ranking process. Strategic alignment was measured by the degree to which each case positively impacted related organizational metrics. Soft cost efficiency savings, organizational risk mitigation, and indirect support of IRP service level assumptions were also considered. IT capacity planning was performed in conjunction with Procurement's availability to determine project timelines. New projects with implementation costs estimated at \$744,864 were recommended to the Executive Oversight Committee and were approved. Phase I of the ERP project will be included in next year's budget, and is currently estimated at approximately \$2.4MM. Work is currently underway to compile estimated costs for Business Technology upgrades planned for 2019. Final budgeted costs for these items will be presented in November's Board Budget Workshop. *(Please reference the attached "2019 Business Technology Advancement Projects" for a high-level overview. If desired, additional details can be found in the attached Executive Summaries of the approved business cases.)*

Owner(s)

Julie Anderson, Chief of Staff – Manager & Staff
Chris Dermody, Chief Information Officer – Information Technology
Virginia Roberts, BTMO Director – Manager & Staff

Attachments

- Several documents mentioned in this paper have been attached.
- BTT Five-Year Roadmap Status Report
 - 2018 IT RIF
 - 2019 Business Technology Advancement Projects
 - 2019 BT Business Cases Executive Summaries (optional material)

Respectfully submitted,



Virginia Roberts
Director, Business Technology Management
Office



Chris Dermody
Chief Information Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: October 10, 2018

Board Item: V-A-2

Briefing Paper for Proposed 2019 Merit / Salary Adjustment / Payroll Strategy

Strategic Plan Alignment

Lenses: Customer Centric Industry Leader Long-Term View

In 2014 when the Board adopted the Total Rewards Philosophy, HR and the Executive Team looked at what it would take to rebalance the total rewards portfolio while achieving certain goals set by the Board. The objective of the philosophy was to create a well-balanced and fiscally responsible total rewards program that would attract and retain top talent. The annual merit and salary adjustment is consistent with this philosophy.

Summary

The purpose of this briefing paper is to provide the Board with the results of the annual compensation review for merit, salary and overall payroll adjustments for the 2019 budget. We also want to have discussion on a proposed increase to the overall payroll budget for 2019.

Background

Pay Plan

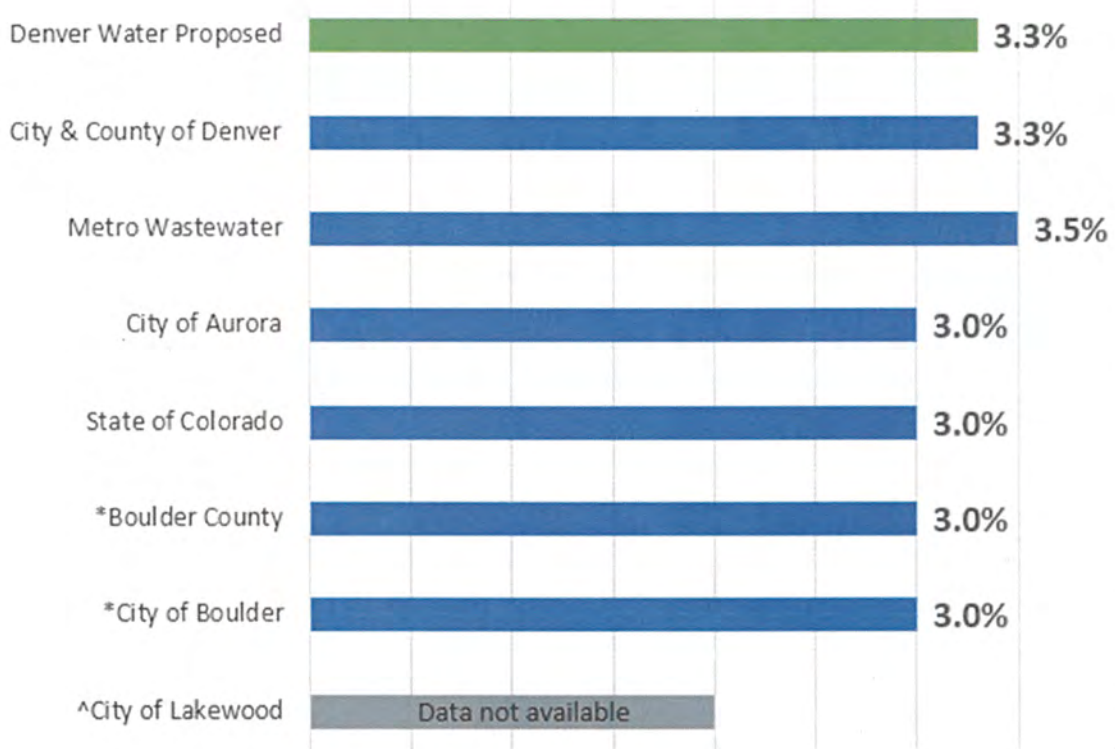
Denver Water maintains a Pay Plan for employees. The Pay Plan is a Board-adopted schedule of pay grades each consisting of a pay range with minimum, midpoint, and maximum pay rates. The Pay Plan includes a list of job descriptions by occupational groups and the pay grade to which each class is assigned.

2019 Merit Increases

Under the Pay Plan, employee merit pay increases vary depending on an employee's overall performance rating, position in a pay range, the distribution of ratings in the employee's division and the annual salary budget.

Through Gallagher Benefit Services we conduct an annual market survey among our public-sector peers. The survey questions are the information contained in the Peer Comparison Report. The current peer comparison shows a range between 3.0% and 3.5% for 2019 merit increases. This is higher than last year and is believed to be because of low unemployment and growing cost of living in the metro area, particularly housing. The annual merit budget is based on the evaluation of economic and employment conditions and market surveys. While all merit survey data is considered; we put emphasis on the City & County of Denver as we compete for the same labor pool. City & County of Denver specifically responded with a 3.3% merit increase for 2019.

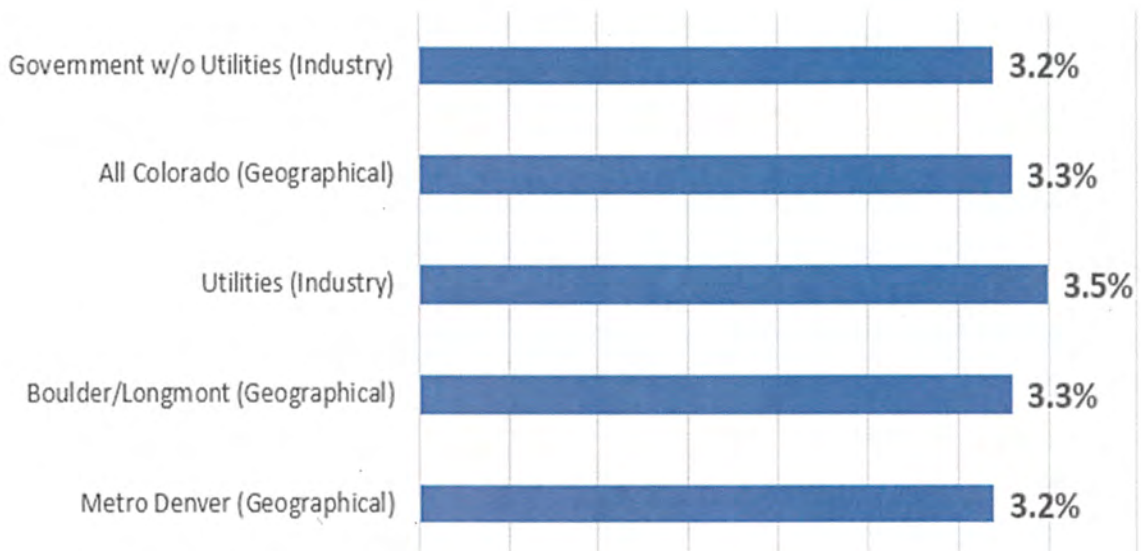
2019 Merit Peer Comparison *Gallagher Benefit Services*



**Projected merit*

^Data not available

2019 Colorado Merit Projections *Employers Council*



Salary Adjustment Budget

The salary adjustment budget has been 0.5% of the total payroll budget for over three years. The salary adjustment budget is used specifically to adjust employee salaries for career progression, equity with peers and market correction for specific jobs.

Gallagher did a follow up survey to ask our peer comparison group if their merit budget amount is solely dedicated to merit or are there additional funds for other salary adjustments during the year. The results reflect each organization has different approaches to merit and salary adjustment. **The full results of the survey are on the attached 2018 Denver Water Peer Comparison.**

Budget

The proposed merit and salary adjustments will be presented to the Board for approval as part of the 2019 annual budget.

Approach

We are seeing employee turnover in certain job groups because of wages. In preparation for the November workshop we will provide to you a detailed briefing paper covering merit, salary adjustment and payroll adjustment.

In the meantime, as a placeholder we will be including a 3.3% merit, a 0.5% salary adjustment and a reserve amount in anticipation of a proposed increase to the 2019 payroll budget.

Owner(s)

Gail Cagle, Human Resources

Attachments

2018 Denver Water Peer Comparison

Respectfully submitted,



Gail Cagle
Chief Human Resources Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: October 10, 2018

Board Item: V-A-3

Briefing Paper for Medical and Dental Plans

Strategic Plan Alignment

Lenses: Customer Centric Industry Leader Long-Term View

In 2014, the Board approved a Total Rewards Philosophy for Denver Water. The objective is to ensure the Total Rewards portfolio is sustainable and viable for the long term, is fiscally responsible to our rate payers, and achieves an attractive value proposition for Denver Water and its employees.

Summary

The Board approved the medical and dental plan rates for 2019 in the July 25, 2018 Board meeting. This briefing paper summarizes the information approved at the July 25, 2018 Board meeting. At the Oct. 24, 2018 Board meeting we will be seeking the Board's approval of the medical and dental contracts.

Background

Denver Water has a self-insured medical and dental plan, meaning we assume the financial risk for providing medical and dental care benefits to our employees. This allows us to save money on administrative fees for the payment of insurance monthly contributions. Based on a cost-comparison conducted by Gallagher Benefits Services comparing a fully insured vs. self-insured approach, Denver Water's estimated savings for the years 2015 - 2017 is \$4,349,548, with an average annual savings of \$1,449,849 due to not having to pay insurer fees, premium taxes, and a reduction in retention fees. To limit risk, Denver Water uses stop-loss insurance for the medical plan which reimburses us for claims that exceed \$285,000 per covered member.

At the direction of the Board in 2017, Denver Water is moving to an employer/employee (80/20) split for medical contributions by 2020. This brings Denver Water in line with our public-sector peers along the Denver Front Range and ensures effective cost controls. For plan year 2018 we are at an 85/15 split; with employee contributions increasing over the next two years (2019 - 83/17 and 2020 - 80/20).

To ensure Denver Water can continue to manage health care costs, we have gone out to the market to conduct due diligence regarding administrative costs, stop-loss costs, and general offerings in the medical and dental care marketplace.

2019 Medical Plan - Employee & Retiree Medical Contributions

2019 Monthly Medical Contributions - Full-Time Employee			
Full-Time Active Employee	DW	Total	
High Option			
Single	\$134	\$499	\$633
EE + 1	\$247	\$1,019	\$1,266
Family	\$365	\$1,534	\$1,899
Low Option			
Single	\$84	\$501	\$585
EE + 1	\$145	\$1,024	\$1,169
Family	\$213	\$1,540	\$1,753
Basic Option			
Single	\$30	\$522	\$552
EE + 1	\$43	\$1,061	\$1,104
Family	\$58	\$1,598	\$1,656

2019 Monthly Medical Contributions - Retiree			
Retiree	DW	Total	
High Option			
Single	\$475	\$463	\$938
EE + 1	\$944	\$929	\$1,873
Family	\$1,419	\$1,392	\$2,811
Low Option			
Single	\$424	\$441	\$865
EE + 1	\$847	\$883	\$1,730
Family	\$1,270	\$1,325	\$2,595
Basic Option			
Single	\$379	\$439	\$818
EE + 1	\$754	\$880	\$1,634
Family	\$1,133	\$1,318	\$2,451

2019 Dental Plan - Employee & Retiree Dental Contributions

2019 Monthly Dental Contributions - Full-Time Employee			
Full-Time Active Employee	DW	Total	
Delta Dental PPO plus Premier Plan			
Single	\$15	\$33	\$48
EE + 1	\$23	\$54	\$77
Family	\$35	\$66	\$101

2019 Monthly Dental Contributions - Retiree			
Retiree	DW	Total	
Delta Dental PPO plus Premier Plan			
Single	\$48	\$0	\$48
EE + 1	\$77	\$0	\$77
Family	\$101	\$0	\$101

Budget

For 2019, the Denver Water contribution is estimated to be similar to 2018 at approximately \$13.7 million. The employee/retiree contribution will be approximately \$2.8 million, distributed by plan type as depicted in the medical rate tables. The cost increase for 2019 for the dental plan is 6.2%, and it is recommended that employees be responsible for paying that increase. The rates were approved at the July 25, 2018 Board meeting so that Open Enrollment configuration can begin in the benefits system, and so communication for employees can begin the first week of October.

Approach

We conducted an RFP process and received bids from vendors to illustrate competitive pricing of available provider networks, claim discounts and additional services available to Denver Water employees and retirees. As the medical and dental plan offerings are self-funded the main components analyzed in the RFP are the claims, administration fees and stop loss protection as well as disease management, network availability and additional services offered.

Gallagher recommended to move forward with Cigna and Delta Dental as Denver Water's benefits providers for medical and dental benefits for a 3 year contract period.

Owner(s)

Gail Cagle, Human Resources

Attachments

2018 Denver Water Peer Comparison

Respectfully submitted,



Gail Cagle
Chief Human Resources Officer