

AGENDA

Denver Board of Water Commissioners

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

Wednesday, November 15, 2017 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. Revisions to The Denver Water Group Health Plan

B. Individual Approval Items

1. Adoption of 2018 Rate Schedules

III. POLICY MATTERS

- | | | |
|-------------------------------------------------|-------------------|------------|
| A. 3rd Quarter 2017 – Performance Report | Anderson/Bricmont | 30 minutes |
| B. Board Budget Workshop | All | 3 hours |

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 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: November 15, 2017

Board Item: II-A-1

Revisions to the Denver Water Group Health Plan

Action by Consent

Individual Action

Summary:

Denver Water maintains the Denver Water Group Health Plan (Plan), which is a self-funded health plan for employees and their dependents, as well as for retirees until they reach the age of 65. From time to time it is necessary to revise the Plan Document for clarification or to revise various provisions to comport with best practices, legislation, etc. It is necessary to amend the Plan for 2018 regarding retiree-medical, the wellness incentive, and provisions regarding domestic partnerships, non-medical coverage for learning disabilities and gender reassignment surgery.

Retiree-Medical Coverage

Prior to January 1, 2014, all retirees were eligible to enroll in retiree-medical coverage at a reduced rate, from the time they retired until they reached age 65. The Board changed this practice, effective January 1, 2014 so that as of that date, employees who had reached 25 years of service and the age of 55 would be eligible for the reduced rate upon retirement. Other employees hired before January 16, 2012, would be eligible for the reduced rate upon retirement at age 60 or later, if their age and years of service combined to total 75 or more (the rule of 75), until they reach the age of 65. Employees hired after January 16, 2012 would be able to enroll in retiree-medical coverage at full cost, upon reaching age 60 and meeting the rule of 75. The Plan Document was amended to incorporate these changes, but it has become apparent that clarification is necessary to better describe the conditions (pp. 36-37).

Wellness Incentive

Denver Water provides a Wellness Incentive to participants who complete a biometric questionnaire through Cigna. In the past, the incentive has been a \$15 reduction in contribution. Effective January 1, 2018, participants will receive a \$15 incentive payment added to their paychecks (p. 2).

Domestic Partnerships

Historically, Denver Water has permitted members of a Domestic Partnership to enroll in the Plan. Due to the fact that Colorado now permits Civil Unions, and that the Board approved coverage for Civil Union Partners, it appears unnecessary to grant coverage to domestic partners (pp 38-40). However, on November 9, 2016 the Board approved continued coverage for Domestic Partnerships in effect as of that date.

Non-Medical Coverage for Certain Disorders

Beginning in 2018, non-medical services for learning disabilities, developmental delays, autism or mental retardation will no longer be excluded from coverage (p. 63).

Gender Reassignment Surgery

On May 18, 2016 the Department of Health and Human Services published a final rule on nondiscrimination in health programs under Section 1557 of the Affordable Care Act (ACA). This section of the ACA serves protected classes of individuals whose health coverage may not be denied,

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cancelled, limited or refused on the basis of race, color, national origin, sex, age or disability. This rule prohibits exclusion of transsexual surgery in plans that receive federal funding. Although Cigna acts as Denver Water's third-party health plan administrator, it receives federal funds for its health plans and recommends that Denver Water's Plan be amended to cover gender reassignment (transsexual) surgery (p. 61). For reference, the City & County of Denver, the City of Aurora, Boulder County, the City of Boulder and Metro Wastewater Reclamation District each offer similar coverage.

Budget:

As a self-funded Plan, Denver Water has the option to exclude such coverage. Because this benefit is generally rarely utilized, Cigna's actuaries do not predict a change in claim projections should Denver Water permit coverage.

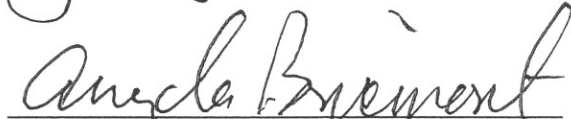
Recommendation:

It is recommended that the Board approve amendments to the Denver Water Group Health Plan to clarify retiree-medical participation, restate the Wellness Incentive, provide coverage for non-medical services related to learning disabilities, developmental delays, autism or mental retardation, and to provide coverage for gender reassignment surgery

Approvals:

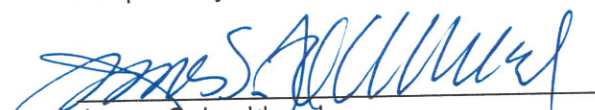


Gail Cagle
Chief Human Resource Officer



Angela Brimont
Chief Finance Officer

Respectfully submitted,



James S. Lochhead
CEO/Manager

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: November 15, 2017

Board Item: II-B-1

Adoption of 2018 Rate Schedules

Action by Consent

Individual Action

Summary:

Staff requests Board approval of the 2018 rate schedules. These rates represent an annualized 3% increase to rate revenues for 2018, and are designed to meet the financial needs of Denver Water as forecasted by the financial plan. Denver Water requires this rate revenue increase to fund the approximately \$1.25 billion in capital projects over the next 5 years while meeting all financial policy requirements. The preliminary and final financial plans were presented to the Board of Water Commissioners on August 9, October 11 and October 25, 2017.

The 2018 rate modifications include increasing the fixed charge to collect 20% of all rate revenues via the monthly fixed charge. This results in some volumetric rates decreasing. 77% of Inside City Single Family Residential bills and 83% of Read and Bill Single Family Residential bills will see a monthly increase in their overall bill of less than \$3.53. All Total Service Single Family Residential bills will see an increase in 2018, however 73% of bills will see an increase of between \$3.53 and \$4.00.

Budget Information:

The 2018 revenue requirement totals \$420 million, consisting of operation and maintenance expenses, rate-funded expansion capital, repair and replacement capital, and debt service. The revenue requirement is met from rate revenue, miscellaneous revenue, and cash reserves. The requested rate revenue increase of 3.0% in 2018 is needed in order to meet the revenue requirement from rates of \$282.7 million in 2018.

The Board adopted a new rate structure in 2016, which included moving to a monthly fixed charge which varies by meter size. The goal of this new fixed charge was to increase revenue stability by recovering more from the fixed charge. The 2018 fixed charge is designed to recover 20% of total revenue or about \$57 million.

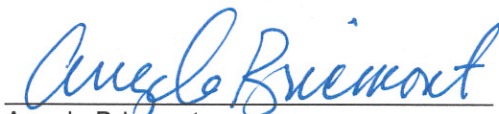
The 2018 volumetric rate structures remain unchanged. Rate revenue to be recovered from volumetric charges is approximately \$227 million.

Recommendation:

Staff recommends the Board approve the 2018 rate schedules [attached] designed to meet the financial needs of Denver Water as forecasted by the financial plan.

Approvals:

Respectfully submitted,



Angela Brimont
Chief Financial Officer



James S. Lochhead
CEO/Manager

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