

AGENDA

Denver Board of Water Commissioners

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

Wednesday, July 25, 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. Electronic Payment Processor – Contract #503477
2. Replace Conduit No. 16 Central Segment Contract #503036
3. Recommended Revisions to the Personnel Policies – Section 2-4-(3) Pay Advance
4. Sixth Amendment to Gallagher Benefit Services for Human Capital Management Technology Service Provider Discovery & Sourcing and Total Rewards Consultant – Contract #501215
5. Approval of 2019 Medical and Dental Rates for Employees and Retirees

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B. Individual Approval Items

- | | | |
|---|---------------|-----------|
| 1. First Amendment for Emergency Water Damage Cleanup Services – Contract #501437 formerly #16755A | Jason Taussig | 5 minutes |
|---|---------------|-----------|

III. POLICY MATTERS

- | | | |
|--|------------------|------------|
| A. OCR Update | Jeremy Ross | 15 minutes |
| B. Preliminary Five-Year Financial Plan | Fletcher Davis | 30 minutes |
| C. PureWater Summary | Abbey Antolovich | 10 minutes |
| D. Colorado River Exhibit | Jim Lochhead | 10 minutes |

IV. EXECUTIVE UPDATE

- A. CEO Update**
- B. CFO Update**
- C. Operations Update**
 - 1. Water Supply 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: July 25, 2018

Board Item: 1
Board Item: II-A-1

Electronic Payment Processor Contract 503477

Action by Consent

Individual Action

Purpose and Background:

A request for proposal was issued for contract 503477 for a third-party payment processing and electronic billing service to replace the current contract which terminates July 31, 2018. This service provides Denver Water customers with a method to receive electronic water bills and various web, telephone and walk-in options to pay their bills. Staff conducted a comprehensive selection process of the proposals which considered multiple criteria including; convenience to the customer, financial information security, reporting capabilities, quality of application, proposer's experience and background and overall value. We are recommending continuation of this service with the current vendor which will result in no disruption of service to our customers.

Budget and Schedule:

The total amount of this contract is \$6,000,000 and the term of the contract is August 1, 2018 to August 1, 2023. Funds for this contract will come from the 2018 Finance budget, which has sufficient funds to pay the \$510,000 estimated to be needed in 2018. The remaining \$5,490,000 will be budgeted in years 2019 to August 2023.

Selection of Business Partner:

Denver Water issued a Request for Proposals (RFP) to the public on Rocky Mountain E-Purchasing System (BidNet), on Denver Water's website, directly to known suppliers, and through notifications to the SBE and MWBE communities. Denver Water received nine (9) proposals, one (1) of which was SBE. A Contract resulting from RFP 17169A was initially awarded to Paymentus Corporation for the contract term November 1, 2017 through March 31, 2023. Denver Water terminated the contract with Paymentus for convenience in April 2017, and moved to award the contract to the second-highest scored Proposer Speedpay, Inc., a wholly owned subsidiary of E Commerce Group Products, Inc., and Western Union Financial Services, Inc. Speedpay has been providing these services to Denver Water since 2007. Speedpay is implementing a new consumer payment application which is expected to enhance the customer payment experience. Denver Water has been scheduled by Speedpay for implementation in late 2018 or early 2019.

S/MWBE Information:

No S/MWBE goals were established for participation in this contract.

Recommendation:

It is recommended that the Board approve contract 503477 with Speedpay for electronic payment processing services for the contract period August 1, 2018 to August 1, 2023 for a total contract amount not to exceed \$6,000,000.

Approvals:

Respectfully submitted,



Angela Brimont
Chief Finance Officer



James S. Lochhead
CEO/Manager

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: July 25, 2018

Board Item: II-A-2

Conduit No. 16 - Central Segment Contract 503036

Action by Consent

Individual Action

Purpose and Background:

The Conduit No. 16 Project is an 8.5-mile-long, 66-inch diameter treated water pipeline that will replace the existing 42-inch Conduit No. 16 pipeline. The existing conduit currently conveys raw water from Ralston Reservoir to the Moffat Water Treatment Plant and was installed in 1937. In the past several years the conduit has required repairs for joint leaks and internal inspections have revealed extensive cracking. The replacement Conduit No. 16 will deliver treated water from the future Northwater Treatment Plant at Ralston Reservoir to the Moffat Facility. The entire project will be delivered in four bid packages (Tunnels Installations, West, Central, and East Segments). The Tunnels Installations and the West Segment packages are currently under construction. This Contract provides for the replacement of Conduit No. 16 - Central Segment.

The general project scope for the Conduit No. 16 - Central Segment consists of the following:

- Approximately 14,850 feet of 66-inch diameter steel pipeline from Denver Water's Van Bibber Facility located on West 60th Avenue in Arvada to the intersection of Flora Street and West 44th Avenue in Wheat Ridge.
- Construct two electrically actuated 66-inch diameter butterfly valves complete with cast in place concrete vaults, and electrical, instrumentation, HVAC, and plumbing appurtenances.
- Install electrical, instrumentation, HVAC, and plumbing appurtenances for three existing valve vaults that were constructed as part of the Conduit No. 16 Tunnel Installation and West Segment packages.
- Cathodic protection, appurtenances, demolition, traffic control, dewatering, restoration, and abandonment of portions of the existing 42-inch reinforced concrete pipe.

Budget and Schedule:

This contract fits within the current overall project budget of \$86,372,367 with prior awarded construction bid packages including the Tunnels for \$21,441,000 and the West Segment for \$7,285,938.

The work on this segment, Central, will begin in 2018 and be completed in 2020. The 2018 Capital Improvement Plan for the Replace Conduit No. 16 Project Business Unit includes funds of \$19,187,680 for the estimated \$1,300,000 Central Segment 2018 construction expenditures. The current forecast for this Project Budget calls for approximately \$3,300,000 of additional expenditures over the 2018 budget due to the delayed tunnel work in 2017. Remaining expenditures will be included in the 2019 and 2020 Capital Improvement Budgets. Lower than anticipated construction bids along with savings realized by reducing the diameter from 84" to 66" will result in a significant reduction of the overall project cost. The current overall project forecast is \$73,000,000.

Selection of Business Partner:

Denver Water solicited proposals from six General Contractors specializing in large diameter pipelines and listed on the Prequalified Contractor List under the Civil Pipelines discipline. This Contract was a Quality Based Selection and a restricted proposal process using Instructions to Proposers on the QuestCDN platform. On July 6, 2018, six proposals were received. Proposals were graded on cost, project plan, schedule, and team qualifications. Scoring was performed by individuals from Denver Water Engineering and the external design team. S J Louis Construction of Texas, Ltd. achieved the highest score, with an associated price of \$21,790,000.

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S/MWBE Information:

The Minority and Women Business Enterprise (MWBE) goal established for this construction project was 8% participation. S J Louis Construction of Texas, Ltd. achieved 8.66% participation.

Recommendation:

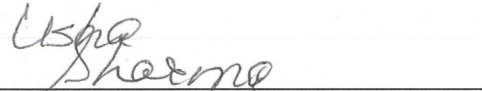
It is recommended that the Board approve Contract 503036 - Replace Conduit No. 16 - Central Segment Project with S J Louis Construction of Texas, Ltd for the contract period July 25, 2018 to August 21, 2020 in the amount of \$21,790,000, and authorize a \$1,500,000 Owner-directed contingency to address unknown issues during construction.

Approvals:


Robert J. Mahoney
Chief Engineering Officer

Respectfully submitted,


James S. Lochhead
CEO/Manager


Angela Bricmont
Chief Finance Officer

FOY

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: July 25, 2018

Board Item: II-A-3

Recommended Revisions to the Personnel Policies – Section 2-4-(3) Pay Advance

Action by Consent

Individual Action

Summary:

The recommended changes to the Personnel Policies eliminates Section 2-4-(3), regarding Pay Advances. Pay advances must be handled manually, which takes time and resources, and they are no longer needed as Denver Water has implemented a shorter payroll lag of one week, and employees also can take loans out from their 401(k) and 457 plans.

Budget and Schedule:

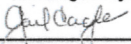
The recommended policy change should have no budget impact

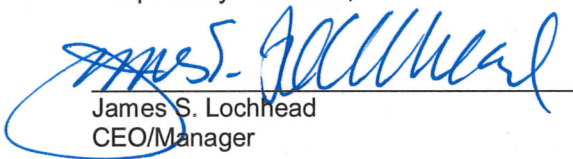
Recommendation:

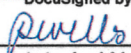
It is recommended that the Board adopt the recommended change to the Personnel Policies, described in the attachment, to become effective upon adoption by the Board.

Approvals:

Respectfully submitted,

DocuSigned by:

Gail Cagle
Chief Human Resources Officer


James S. Lochhead
CEO/Manager

DocuSigned by:

Patricia L. Wells
General Counsel

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: 7/25/18

Board Item: II-A-4

Sixth Amendment to Gallagher Benefit Services for Enterprise Resource Planning Service Provider Discovery & Sourcing and Total Rewards Consultant Contract #501215

Action by Consent

Individual Action

Purpose and Background:

Gallagher Benefit Services for Enterprise Resource Planning

Denver Water partners with Gallagher Benefits Services (Gallagher) for regular support with benefits strategy and execution. Each year, Denver Water and Gallagher review the scope of services needed to reach Denver Water's goals for Total Rewards. In addition to the regular, ongoing support Denver Water receives from Gallagher, Denver Water will often undertake special projects which are covered by the language of the contract, but often require additional funds due to the nature of the project and the addition of other practices within Gallagher (e.g., compensation, RFP support, or the ERP project). This increase of cost may require an amendment to the contract.

Gallagher Benefit Services for Enterprise Resource Planning

With the assistance of Gallagher, and in alignment with Grant Thornton's (GT) recommendation to move to service oriented IT systems, Denver Water has begun outsourcing routine administrative functions that can be better performed by external service vendors at lower costs. Beginning in January 2018, pension plan administration was outsourced to John Hancock, followed by the outsourcing of FMLA administration to UNUM July 1, 2018 and benefits administration with a targeted effective date in 2019. Outsourcing these functions will allow us to reduce the scope of our current project to implement a new Enterprise Resource Planning solution in line with GT's recommendations and our Business Technology Roadmap.

Denver Water would like to explore the possibility of replacing the core HR, payroll, time and attendance PeopleSoft system and is requesting Gallagher Benefit Services support for project discovery and RFP sourcing process, known as the Enterprise Resourcing Planning (ERP) project.

This process includes a discovery phase to document Denver Water's core HR, payroll, time and attendance process and practices, current technology and requirements for an outsource and software solution. The sourcing process is the key to finding Denver Water's best-fit technology service provider by clearly defining current HR, payroll, time and attendance practices and desired changes.

Our technology is currently administered in-house through manual processes and systems (PeopleSoft). The current administrative process is cumbersome, time-intensive and laborious for Finance, HR, IT, employees and retirees, with a high risk for error and requires manual record retention.

Because of the nature of this work, Denver Water believes extending the term of the current contract by one year to help alleviate risk in the project, as the contract is currently set to expire at the end of 2018, which is midway through the timeline of the core review of ERP solutions.

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Total Rewards

Denver Water's Total Rewards Philosophy goal is to retain and attract top performers. Our goal is to develop programs, policies and practices to ensure a fiscally sound program while balancing costs and liabilities between the Board and employees. The objective is to ensure the Total Rewards portfolio is sustainable and viable for the long term, and help achieve a greater value proposition for Denver Water and its employees.

The Board requires Total Rewards consulting services to support the work of Human Resources staff. The consulting services include, but are not limited to Total Rewards strategic planning and consulting, financial analysis, underwriting and actuarial services, competitive bidding and formal RFP process, compensation work, compliance services and benefits administration outsourcing services.

Contract Amendment History

The original contract with Gallagher Benefits Services was approved by the Board on December 16, 2015 and executed for January 1, 2016 – December 31, 2018. The original not-to-exceed amount was \$735,000, which included the annual fee for core benefits consulting services (\$243,200) and special projects, which are considered outside of the scope of the core benefits consulting services and are quoted and billed on a project-by-project basis. The initial contract amount was estimated based on expected special projects through the end of 2018.

Subsequent amendments were executed as follows:

- **First Amendment executed November 11, 2016:** Special project for additional base pay analysis. No additional funds requested; however, project cost was set at \$15,000.
- **Second Amendment executed January 11, 2017:** Special project for scope and benchmarking work for Total Rewards peer comparison. No additional funds requested; however, project cost was set at \$20,000 (this is now a yearly cost).
- **Third Amendment executed February 22, 2017:** Special project for the creation of the 2016 employee Total Rewards statements, including layout, printing, and mailing. No additional funds requested; however, the project cost was set at \$35,000 (this cost was also incurred for the 2017 Total Rewards statements).
- **Fourth Amendment executed October 11, 2017:** Special project to perform a comprehensive RFP process seeking a third-party benefits administrator. Project cost required the addition of \$80,000 to the contract, bringing the total not-to-exceed amount to \$815,000.
- **Fifth Amendment executed November 20, 2017:** Special project to perform a RFI with Unum for life, short-and long-term disability, and FMLA administration. No additional funds were requested; however, the project cost was set at \$136,000.

The vast majority of amendments requested have been ones to amend the scope of services agreed to between Denver Water and Gallagher. Only one amendment to this point required the addition of funds to the contract.

Budget and Schedule:

With the amendment, the total amount of this contract is \$1,315,000, and the term of the contract is Jan. 1, 2016 to Dec. 31, 2019. Funds for this service/contract will come from the 2018 budget for Human Resources and Chief of Staff, which has sufficient funds to pay the \$254,600 estimated to be needed in 2018. The remaining \$325,400 will be budgeted in 2019.

The amendment, as outlined in more detail in Exhibits A and B of the contract amendment, will cover the following:

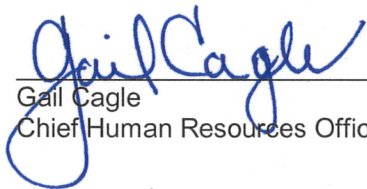
Area of Support	Estimated Costs
Core Benefit Consulting Services: one year extension	\$96,000
Special Projects:	
RFP support for Medical and Dental vendors	\$40,000
Compensation review	\$65,000
Benefits Administration Outsourcing Support	\$35,000
COBRA and vision vendor selection support	\$40,000
Annual enrollment benefits videos	\$16,000
HIPAA audit (Clinic)	\$24,000
Enterprise Resource Planning (ERP) support	\$184,000
Total Requested Amendment Amount:	\$500,000

Recommendation:

It is recommended that the Board approve the Sixth Amendment to the Gallagher Benefit Services contract #501215 Enterprise Resource Planning Service Provider Discovery and Sourcing and Total Rewards Consulting Services for an extension of the contract period through Dec. 31, 2019 for an additional amount of \$500,000 or a total amended contract amount not to exceed \$1,315,000.

Approvals:

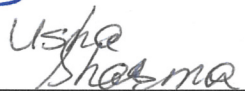
Respectfully submitted,



 Gail Cagle
 Chief Human Resources Officer



 James S. Lochhead
 CEO/Manager

FOI


 Angela Bricmont
 Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: July 25, 2018

Board Item: II-A-5

Approval of 2019 Medical and Dental Rates for Employees and Retirees

Action by Consent

Individual Action

Purpose and Background:

Denver Water is self-insured for most medical and dental costs, which means that the total cost of claims is paid by Denver Water contributions, employee/retiree contributions, and employee/retiree out-of-pocket payments. As part of the annual process to establish employee and retiree contributions for plan coverage, the previous plan year performance is reviewed. The cost increase for the 2019 medical plan is 7.9%. 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 table below. 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 need to be established at this time so that Open Enrollment configuration can begin in the benefits system, and so communication for employees can begin during the first week in October. Open Enrollment typically runs from late October through early November.

2019 Medical Plan:

- Plan contribution will increase from 2018 by 2%
- Shift to an 80%/20% contribution split over next 3 years (The 2019 contribution split averaged over all plans is 83%/17%)
- Wellness incentive at \$15/month will be continued
- No plan design changes

Employee & Retiree Medical Contributions:

2019 Monthly Medical Contributions – Full-Time Employee			
Full-time Active Employee (Does not include Wellness Incentive)		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	\$522
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:

- Plan contribution cost will increase 6.2%
- No plan design changes

Employee & Retiree Dental Contributions:

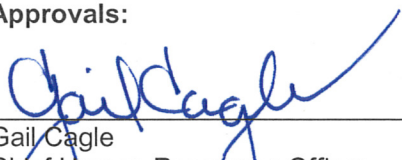
2019 Monthly Dental Contributions – Full-time Employee				
Full-time Active Employee		DW	Total	
Delta Dental PPO plus Premier Plan				
Single	\$15	\$33	\$48	
EE + 1	\$23	\$54	\$77	
Family	\$35	\$66	\$101	

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


Recommendation:

It is recommended the Board approve the 2019 Medical and Dental Contributions described above.

Approvals:



 Gail Cagle
 Chief Human Resources Officer

Respectfully submitted,


 James S. Lochhead
 CEO/Manager

FOY


 Angela Bricmont
 Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: July 25, 2018

Board Item: II-B-1

First Amendment to Contract #501437 formally 16755A for Emergency Water Damage Cleanup Services

Action by Consent

Individual Action

Purpose and Background:

As a matter of policy and as a service to our customers, Denver Water assists property owners and tenants with on-site cleanup and payment for damage to real or personal property caused by main breaks. Restoration Logistics, Inc. is under contract to perform this work for Denver Water. The Board-adopted policy applies to owners or tenants, but not to insurance companies seeking reimbursement for claims paid to their insured.

Due to the unanticipated main breaks and related damage to numerous residential and commercial properties at 29th and Zuni (2017) and a cluster of breaks that occurred in late spring and early summer 2018, additional funds are needed for cleanup and restoration work.

Budget and Schedule:

The original amount of this contract was \$650,350 for the period September 1, 2016 to August 31, 2019. This amendment seeks an additional \$1,000,000 to cover the cost of existing damage repair as well as additional claims expected to arise between now and the end of the contract period. Staff would like the Board to know that a review of Denver Water's main break policy is underway and several alternatives to handle clean-up and restoration will be brought to the Board in the next few months.

The 2018 budget for Safety and Loss Control includes \$325,000 for this service/contract. Due to the high volume of breaks and related damage in 2018, a variance to this budget will be required. Funds for remaining work will be budgeted in 2019.

Selection of Business Partner:

In July 2016, Denver Water issued a Request for Proposal (RFP) for emergency water damage cleanup services via the Denver Water public website, Rocky Mountain E-Purchasing System (Bidnet), and direct e-mail to the SBE/MWBE chambers e-mail list. Denver Water received nine proposals. Of the nine companies submitting proposals, one was a MBE and one a WBE. Restoration Logistics is a Small Business Enterprise.

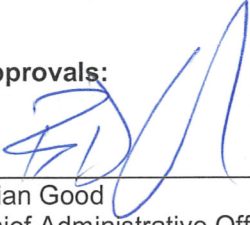
S/MWBE Information:

Emergency water damage cleanup services is a covered spend category under Denver Water's Covered Goods and Services MWBE program.

Recommendation:

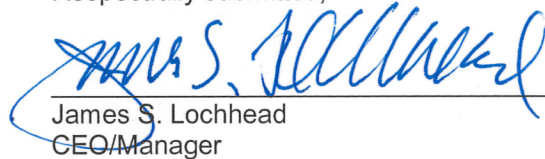
It is recommended that the Board approve the First Amendment to Contract #16755A with Restoration Logistics, Incorporated for emergency water damage cleanup for an addition of \$1,000,000 for a total amended contract amount not to exceed \$1,650,350.

Approvals:



Brian Good
Chief Administrative Officer

Respectfully submitted,



James S. Lochhead
CEO/Manager



Angela Brimont
Chief Finance Officer