

AGENDA

Denver Board of Water Commissioners

Denver Water Board Room, 1600 W 12th Avenue, Denver, Co 80204 and
Video Conference: <http://zoom.us/join>, Meeting ID: 935 2938 8816 - Passcode: 611966 or

Dial in (669) 900-6833 - Meeting ID: 935 2938 8816 - Passcode: 611966

Wednesday, July 28, 2021 9:00 a.m.

I. INTRODUCTORY BUSINESS

A. Call to Order and Determination of Quorum

B. Public Comment and Communications

At this point in the agenda, the Board may allow members of the public to address the Board on any item of interest within the jurisdiction of the Board, and not on the agenda for action. Speakers wishing to address a specific Action Item will be invited to address the Board when the item is being considered. Three minutes are allowed for each person unless the President determines otherwise.

1. Distributor Communications
2. Citizen Advisory Committee Communications

C. Ceremonies, Awards and Introductions

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. 2021 Aerial Crossing Improvements – Contract 504819

B. Individual Approval Items

- | | | |
|---|-------------|-----------|
| 1. Approval of CIGNA Administrative Services Contract and CIGNA Stop-Loss Contract Amendments – Contracts 503668 and 501025 | Kim Burgess | 5 minutes |
| 2. Approval of 2022 Medical, Dental and Vision Rates for Employees and Retirees | Kim Burgess | 5 minutes |

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III. POLICY MATTERS

- | | | |
|---|-----------------|------------|
| A. Standards Update | Katie Ross | 10 minutes |
| B. Lead Reduction Program Overview and Update | Alexis Woodrow | 45 minutes |
| C. Preliminary Financial Plan | Angela Bricmont | 30 minutes |

IV. EXECUTIVE UPDATE

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

V. BRIEFING PAPERS & REPORTS

- A. Briefing Paper
 - 1. Standards Update
- B. Report

VI. ADJOURNMENT

VII. TRUSTEE MATTERS

I. ACTION ITEMS

1. Meeting as Trustee: Minutes from July 14, 2021
Trustee Meeting
2. Meeting as Trustee: Custody and Related Services for Denver Water's Defined Benefit Plan Contract 504748
Usha Sharma 5 minutes

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

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: July 28, 2021

Board Item: II-A-1

2021 Aerial Crossing Improvements Contract 504819

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board item is to obtain contract approval for the replacement of two pipelines suspended under bridges as part of the aerial crossings program. The pipelines included in this contract are in poor condition, primarily due to excessive corrosion, and have been documented as requiring repair or replacement in previous inspections dedicated to this program. The inspections performed in fall 2020 to refine the repair scope for Contract 504819 include:

- Sheridan Boulevard and Bear Creek crossing: Remove and replace approximately 50 feet of the total 100 feet of 16-inch diameter pipe and wax tape the entire length of exposed pipeline for corrosion protection.
- West Evans Avenue and South Platte River crossing: Remove and replace approximately 30 feet of the total 170 feet of 20-inch diameter pipe and wax tape the existing pipe for corrosion protection.

Budget and Schedule:

The total amount of this contract is \$814,000 and the term of the contract is July 28, 2021 through January 14, 2022. Funds for this contract will come from the 2021 budget for the Aerial Crossing Program business unit, which has \$750,000 budgeted. A 2021 project budget increase in the amount of \$114,000 is recommended by the Systems and Programs Managers to account for the contractor payments and internal labor.

Selection of Business Partner:

Denver Water solicited bids from five general contractors listed on the prequalified contractor list. This contract was a restricted bid process using invitations to bid on the QuestCDN platform. On July 13, 2021 bids were received from four general contractors. T. Lowell Construction, 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 8% participation. T. Lowell Construction, Inc. has proposed 8% participation.

Recommendation:

Staff recommends that the Board approve Contract 504819 with T. Lowell Construction, Inc. for the 2021 Aerial Crossing Improvements project for the contract period of July 28, 2021 through January 14, 2022 for a total contract amount not to exceed \$814,000.

Approvals:

- James S. Lochhead, CEO/Manager
- Julie Anderson, Chief of Staff
- Jessica R. Brody, General Counsel
- Angela C. Bricmont, Chief Financial Officer

- Brian D. Good, Chief Administrative Officer
- Richard B. Marsicek, Chief Water Resource Strategy Officer
- Robert J. Mahoney, Chief Engineering Officer
- Thomas J. Roode, Chief Operations Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: July 28, 2021

Board Item: II-B-1

Approval of CIGNA Administrative Services Contract and CIGNA Stop-Loss Contract Amendments Contracts 503668 and 501025

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board item is to seek approval to retain CIGNA as Denver Water's medical, Rx, EAP and stop-loss carrier for the period January 1, 2022 through December 31, 2026.

Denver Water maintains self-funded medical plans for employees and their dependents, as well as eligible retirees until age 65. In partnership with AON, our Total Rewards consultant, we recently completed the competitive procurement process to select a medical, pharmacy and stop-loss carrier.

Based on the review of proposals from four carriers, we are recommending the Board retain CIGNA for all lines of coverage for the period January 1, 2022 through December 31, 2026. If approved by the Board, the agreement with Cigna will be based on the following:

- Administrative services fees for the medical plan are guaranteed for 5 years and are the same for both Open Access Plus (OAP) and LocalPlus (LP) High Performing Networks.
- Administrative services fees include those for the Employee Assistance Program which are also guaranteed through 2025, unless visitation rates exceed 4.69% in which case Cigna reserves the right to increase the fee up to a 3% cap.
- Stop-Loss coverage is negotiated annually based on claims experience.

The estimated total contract amount for the five-year period is \$3,832,886,66 for Administrative Services and \$11,101,857.34 for Stop-Loss.

Budget and Schedule:

Funding requirements for Y1 of the contract amendments will be incorporated in the 2022 budget and will include the following:

Administrative Services Contract Amendment: \$484,707

Stop-Loss Contract Amendment: \$839,293

Selection of Business Partner:

The Request for Proposal (RFP) solicited bids from carriers to determine competitive pricing of available provider networks, claims discounts, and additional services available to Denver Water employees and retirees. Four carriers submitted proposals: Aetna, Anthem, CIGNA and United Health Care.

Proposals were evaluated based on pricing/cost, financial incentives offered by carriers, network access and provider/member disruption, options for future high-performance networks, and plan design changes.

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Recommendation:

Staff recommends the Board approve the First Amendment to Contract 503668 with CIGNA for the Administrative Services described in the contract for the period January 1, 2022 through December 31, 2026 for a total contract amount not to exceed \$3,832,886,66.

Staff recommends the Board approve the Fourth Amendment to Contract 501025 with CIGNA Health and Life Insurance Company for individual stop-loss coverage for the contract period beginning January 1, 2022 through December 31, 2026 for a total contract amount not to exceed \$11,128,857.34.

Approvals:

- | | |
|---|---|
| <input checked="" type="checkbox"/> James S. Lochhead, CEO/Manager | <input type="checkbox"/> Brian D. Good, Chief Administrative Officer |
| <input checked="" type="checkbox"/> Julie Anderson, Chief of Staff | <input type="checkbox"/> Richard B. Marsicek, Chief Water Resource Strategy Officer |
| <input type="checkbox"/> Jessica R. Brody, General Counsel | <input type="checkbox"/> Robert J. Mahoney, Chief Engineering Officer |
| <input checked="" type="checkbox"/> Angela C. Bricmont, Chief Financial Officer | <input type="checkbox"/> Thomas J. Roode, Chief Operations Officer |

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: July 28, 2021

Board Item: II-B-2

Approval of 2022 Medical, Dental and Vision Rates for Employees and Retirees

Action by Consent

Individual Action

Purpose and Background:

The purpose of this Board Item is to finalize medical, dental and vision premium rates and employer/employee contribution ratios for the 2022 plan year.

Denver Water is self-insured for 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 of claims to the medical plan has been favorable over the last 12-month period, partly due to the COVID-19 suppression seen in 2020. It is expected that claims will increase back to expected normal for 2022. As a result, Denver Water is recommending an 8.7% increase in the estimated premiums for 2022. In addition, Denver Water is recommending an adjustment to the employee contribution tier ratios to align with the premium tier ratios, which results in an incremental change in the employer/employee plan contribution split. The current contribution split is 89.5%/10.5%. The recommended change to the employer contribution results in an 87.7%/12.3% contribution split which moves Denver Water closer to the 80%/20% employer/employee contribution split prevalent in the market. Denver Water's contribution to medical plan costs would be approximately \$14.9 million, and the employee/retiree contribution would be approximately \$2.9 million, distributed by plan type and tier selection as depicted in the attached 2022 Medical, Dental and Vision rates document.

The cost of claims to the dental plan has been favorable over the last 12-month period. Denver Water is recommending the Board maintain the current 63%/37% employer/employee plan contribution split for 2022. This means Denver Water's contribution will be at 63 percent of dental plan costs, with employees' contributions at 37%. Denver Water's contribution would be approximately \$612,000, and the employee/retiree contribution would be approximately \$364,000, distributed by tier selection as depicted in the attached 2022 Medical, Dental and Vision rates document.

There are no vendor changes for medical and dental benefits in 2022, but Denver Water is recommending activation of several new prescription drug benefits.

- **Cigna's First Fill of Specialty Rx at Accredo** would be effective Jan. 1, 2022 offering all specialty medications filled at the Accredo specialty pharmacy, not retail. There is no impact to existing specialty users, only new specialty prescriptions and/or new specialty users. No savings but provides expert member support from the first fill of a specialty drug.
- **Cigna's 30-Day Specialty Program** would be effective Jan. 1, 2022 and limits the filled supply of specialty drugs at mail order to a 30-day supply (currently allowed up to 90-days) and reduces waste and mitigates stockpiling of high-cost specialty drugs; estimated member impact = 7 members; potential savings of \$22,000.
- **Cigna's SaveOnSP Program** would be effective Jan. 1, 2022 and is a voluntary program that maximizes copay assistance from drug manufacturers for certain specialty medications by reducing customer cost share to \$0 and sharing 75% of the maximized savings with the Denver Water on qualifying plans. It is estimated that 20 current members could take advantage of this program. Potential savings of \$243,000.

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The 2022 wellness cash incentive will remain at \$15 monthly if the Cigna online health and biometric assessment is completed.

There will be no vendor change for vision benefits. 2022 premium rates could be lowered by 8.6% (\$8K) to cover 2022 plan costs, but the recommendation is to keep rates flat for 2022 given the uncertainty around COVID claim resurgence of suppressed vision claims.

Budget and Schedule:

The estimated \$15.5 million in contributions to medical and dental premiums will be included in the 2022 budget process.

Recommendation:

Staff recommends that the Board approve the 2022 Medical, Dental and Vision Contributions described in the attached rate document and the activation of the Cigna programs described above.

Attachment: 2022 Medical, Dental and Vision Rates Document

Approvals:

- | | |
|---|---|
| <input checked="" type="checkbox"/> James S. Lochhead, CEO/Manager | <input type="checkbox"/> Brian D. Good, Chief Administrative Officer |
| <input checked="" type="checkbox"/> Julie Anderson, Chief of Staff | <input type="checkbox"/> Richard B. Marsicek, Chief Water Resource Strategy Officer |
| <input type="checkbox"/> Jessica R. Brody, General Counsel | <input type="checkbox"/> Robert J. Mahoney, Chief Engineering Officer |
| <input checked="" type="checkbox"/> Angela C. Bricmont, Chief Financial Officer | <input type="checkbox"/> Thomas J. Roode, Chief Operations Officer |

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: July 28, 2021

Board Item: V-A-1

Briefing Paper for Standards Update

Strategic Plan Alignment

Lenses: Customer Centric Industry Leader Long-Term View
Denver Water Standards are an integral part of the Strategic Plan, within the Excellent Operations and Trusted Reputation perspective. Using the published standards, Denver Water projects are designed and constructed to ensure employee safety and keep life-cycle costs as low as possible while also ensuring a quality result is achieved.

Summary

Standards are used by various utilities and other governmental entities to establish a minimum level of quality for design and construction. Standards also guarantee that built systems are designed and constructed to ensure safety. Following in these best practices, the Denver Water standards library includes the Capital Projects Construction Standards (CPCS), Engineering Standards, and Computer Aided Drafting (CAD) Standards. These standards collectively allow Denver Water to manage both capital and Distributor or developer funded construction projects, as well as improvements to licensee-owned service lines. Projects prepared by or submitted to Denver Water are subject to the CPCS, the Engineering Standards, and the CAD Standards. The historical importance of the Engineering Standards dates to 1959 when it was first published to identify materials required for the construction of water mains and service lines. Over the last six decades Denver Water has established itself as an industry leading utility with minimum acceptable standards used for the design and construction of water facilities in the Denver Water Combined Service Area. In 2021, the evolution and modernization of the Engineering Standards and CPCS is a testament to Denver Water's technical expertise and standardization to support the increasing capital budget and projects approved through the Plan Review Process. The Engineering Standards have evolved to a more procedural document, thereby supporting the users with clear and concise information. Technical information is now located exclusively in the CPCS. Denver Water staff has a proud history of being active participants in Standards Developing Organizations (SDO), including the American Water Works Association (AWWA), American Concrete Institute, and North American Corrosion Engineers, among others. Trusting employee participation and knowledge in these SDO promotes continuous improvement and makes Denver Water an industry leader.

Background

Users of the Engineering Standards extend across multiple divisions, including Administrative, Engineering, Finance, Operations & Maintenance, and the Office of General Counsel. Additionally, these standards apply to every Distributor within the Denver Water Combined Service Area and have been adopted by other water districts, cities, and counties throughout Colorado.

The Engineering Standards were first published in 1959 as the Chief Engineering Standards. Since that time, the Engineering Standards were expanded to include procedures, minimum material requirements, and standard drawings for 20-inch and smaller mains and service lines. Throughout the last six decades the Engineering Standards has applied to every project built within the Denver Water Combined Service Area and has guided the Plan Review Process since the 2nd

Edition was published in 1978. Outlining the requirements for engineers submitting to Denver Water through the Plan Review Process establishes a clear expectation on the process. The Engineering Standards was historically comprised of the procedural Chapters, Material Specifications, and Standard Drawings.

In 2011, Denver Water published the CPCS, 1st Edition to establish a new way of doing business on capital projects. To streamline the production of Denver Water capital project bid documents, general conditions, common specifications, and standard details were published in the CPCS and referenced as part of the bid documents. Denver Water established a process that eliminated the reproduction of the General Conditions, common specifications, and typical details in the bid documents, thereby increasing the design and construction efficiency, reducing errors, and saving significant costs. Through the first three editions of the CPCS, there were a handful of standard details located in both the Engineering Standards and CPCS, making updates more complicated by having to update the same detail in two locations. Additionally, the first three publications of the CPCS would refer to the Engineering Standards for Material Specifications, which were never written as a technical specification. The CPCS 4th Edition captures the Standard Details and Material Specifications from the Engineering Standards in one document.

Budget

Denver Water's standards publications do not have a dedicated budget but do impact capital projects and the Plan Review process. The reliance on these standards for capital project delivery allows Denver Water staffing to remain consistent regardless of increase in capital expenditures or the variability in the Plan Review Process. By establishing the CPCS and Engineering Standards, Denver Water continues to incorporate continuous improvement efforts and sustainability by becoming more efficient in the design process and reducing paper use.

Alternatives

Not applicable

Approach

As the Engineering Standards continually evolved to capture minimum requirements for mains and service lines, the level of complexity on project submitted through the Plan Review process required technical information located in the CPCS to be used in the plan set approved by Denver Water. While the cross-over between the CPCS and Engineering Standards made sense to Denver Water staff, it was evident that expanding the technical resources in the Engineering Standards to incorporate the full scope of the CPCS would eliminate confusion.

Therefore, Denver Water has worked to revise and modernize the Engineering Standards to make it more procedural and to consolidate the technical information in the CPCS. The revised Engineering Standards will continue to cover the same topics in the chapters; however, it will eliminate the antiquated Materials Specifications and the duplicated publication of the Standard Drawings, and now references the CPCS Specifications and Details.

Retaining the list of Approved Manufacturers in the Technical Specifications reinforces Denver Water's practice to prohibit the use of "approved equal" manufacturers on projects approved through the Plan Review Process. The use of tested and approved proprietary materials ensures safety, reliability, quality, and consistency within the Denver Water system.

Projects submitted to Denver Water through the Plan Review process will follow the procedure outlined in the Engineering Standards and will reference the Technical Specifications and Details in the CPCS.

The CPCS 4th Edition includes new specifications developed with the North Water Treatment Plant and revisions as the result of participation on AWWA standards committees, and identifying system needs. The 4th Edition includes the General Conditions, 256 Specifications, and 570 Details. Capital projects will rely on the CPCS as part of the bid package. The General Conditions apply to Denver Water capital projects only.

Owner(s) Katie Ross, Engineering

Attachments Not applicable

Respectfully submitted,

Katie Ross, Engineering Manager

Robert J. Mahoney, Chief Engineering Officer