

AGENDA

Denver Board of Water Commissioners

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

Wednesday, September 27, 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. Contract 17145A Liquid Aluminum Sulfate
2. Recommended Revisions to Personnel Policies Regarding Employee Code of Ethics

III. POLICY MATTERS

A. OCR Update	Jeremy Ross	10 minutes
B. Benefit Plan Administration RFP Partnership	Gail Cagle	10 minutes
C. Extension of Service Contract with Unum	Gail Cagle	10 minutes
D. Draft 2018 Priorities and Work Plan	Julie Anderson	15 minutes

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IV. EXECUTIVE UPDATE

A. CEO Update

B. CFO Update

1. Monthly Financial Update – 10 minutes

C. Operations Update

V. BRIEFING PAPERS & REPORTS

A. Briefing Papers

1. Request for Information for Extension of Service Contract with Unum
2. Benefit Plan Administration RFP Partnership

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: September 27, 2017

Board Item: II-A-1 ²

Liquid Aluminum Sulfate Contract # 17145A

Action by Consent

Individual Action

Summary:

Liquid aluminum sulfate ("alum") is used by all four Denver Water treatment plants as the primary coagulant in the water treatment process.

Budget Information:

The total amount of this contract is \$4,500,000.00, and the term of the contract is January 1, 2018 to December 31, 2020. Funds for this service/contract will come from the 2018 budget for Water Treatment, which has sufficient funds to pay the \$1,500,00.00 estimated to be needed in 2018. The remaining \$3,000,000.00 will be budgeted in years 2019 and 2020.

Selection of Business Partner:

Denver Water issued an Invitation for Bids ("IFB") to the public on the Rocky Mountain E-Purchasing System (BidNet), on Denver Water's website, through notifications to the SBE and MWBE list, and via direct solicitation to known vendors. Denver Water received one (1) bid. Recommendation is that the award is made to Chemtrade Chemicals US LLC. Selected bidder is the incumbent for this product.

S/MWBE Information:

Chemtrade is neither a SBE nor certified MWBE. This contract does not meet the criteria of either the O&M Construction Related or the Covered Goods & Services MWBE programs where overall annual participation targets are set.

Recommendation:

It is recommended that the Board approve Contract 17145A with Chemtrade for liquid aluminum sulfate for the contract period January 1, 2018 to December 31, 2020 for a total contract amount not to exceed \$4,500,000.00.

Approvals:

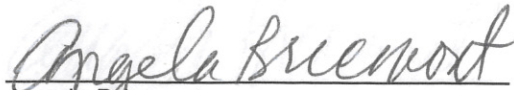


Thomas J. Roode
Chief Operations and Maintenance Officer

Respectfully submitted,



James S. Lochhead
CEO/Manager



Angela Brimont
Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: September 27, 2017

Board Item: II-A-2

Recommended Revisions to Personnel Policies Regarding Employee Code of Ethics Section 2-12

Action by Consent

Individual Action

Summary:

The employee Code of Ethics appears in section 2-12 of the Personnel Policies and was originally adopted in 2006. Over the years, some questions of interpretation have arisen periodically regarding some of the provisions. These proposed modifications to the Code of Ethics are minor changes intended to clarify the problematic provisions for employees and supervisors. The proposal also includes raising the value of acceptable "unsolicited nonpecuniary" gifts from \$25 to \$50, which is consistent with the State's code of ethics.

Recommendation:

It is recommended that the Board approve the changes to the *Personnel Policies* in the attachment to become effective upon adoption by the Board.

Approvals:

DocuSigned by:



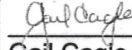
Patricia L. Wells
General Counsel

Respectfully submitted,



James S. Lochhead
CEO/Manager

DocuSigned by:



Gail Cagle
Chief Human Resources Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: 9/27/2017

Board Item: V-A-1

Briefing Paper for the Request for Information (RFI) for an Extension of Service Contract with Unum

Strategic Plan Alignment:

Lenses: Check all that this initiative addresses: Customer Centric Industry Leader Long-Term View

Summary:

Denver Water has historically administered Family and Medical Leave (FMLA) benefits in-house, through a manual process involving excel spreadsheets. Although this process has worked quite successfully, it is laborious, time-intensive and involves Denver Water staff acquiring knowledge of very personal details affecting employees' lives. In an effort to increase efficiency, and for the rationale discussed below, Human Resources staff recommends that FMLA administration be outsourced to UNUM, the third party administrator of Denver Water's various employee insurance plans, and that Denver Water's contract with UNUM be extended through December 31, 2021.

Background:

The Family and Medical Leave Act (FMLA) is a federal law that provides employees who meet certain eligibility requirements with 12 workweeks (26 workweeks under certain circumstances) of unpaid, job-protected leave. Employees may use PTO, and/or short-term or long-term disability concurrently with FMLA leave, so that they receive some income.

At first glance, FMLA requirements may seem relatively straightforward: an employee has a personal or family health situation, Denver Water evaluates the situation against its FMLA criteria and grants the required time off. However, FMLA leave is currently administered in-house, by .25 FTE through manual processes and an in-house record-keeping system which requires coordination with the employee, the employee's manager, HR and Payroll.

Managing the administration of FMLA leave is based on several factors which expose Denver Water to employee and family medical matters. It requires the tracking of work absences, the number of work hours used for FMLA leave, maintaining confidential files and paperwork for employees on leave and accurately tracking intermittent and reduced leave schedules. Because FMLA leave requirements are difficult to interpret, it can make in-house administration impractical and cumbersome.

Successful absence management and FMLA monitoring and adjudication requires full integration with Denver Water's Short- and Long-Term Disability insurance programs. These programs are administered externally, by a third party, UNUM. Outsourcing is a growing trend among HR departments, due to the complexity and maze of disability and family medical leave laws, and associated liability.

UNUM's FMLA management system program has been vetted by Gallagher Benefit Services (currently Denver Water's benefit consultant) and noted as one of the more effective and efficient programs in the marketplace. Based on this advice, as well as the need for greater efficiency, Human Resources staff recommends that Denver Water's contract with UNUM be amended to include FMLA administration in the scope of services.

Human Resources staff also recommend that the term of the contract be extended, so that FMLA administration can be performed for a meaningful period of time, and so that UNUM may engage in a longer-term analysis of Denver Water's experience with Life, Short-Term and Long-Term Disability administration. Life and Disability insurance programs are generally underwritten on a three-to-five year experience analysis in order to level out

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high dollar, sporadic experience exposure. Staff would engage in a Request for Information process when discussing the need for an expanded scope of work and contract term, in order to leverage for competitive pricing.

Alternative to Consider Related to Bidding:

Denver Water is currently contracted with UNUM for its Life, Accidental Death and Dismemberment (ADD), Short- and Long -Term Disability programs. If the Board would like to implement and outsource FMLA leave administration prior to the contract's December 31, 2018 expiration,; i.e., July 2018, the UNUM contract should be extended from the current contract period, with an additional 3 year term extension, without the need for an RFP but inclusive of a due diligent RFI.

Budget Information and Impact:

The increased cost implication associated when considering outsourcing FMLA administration to UNUM is approximately \$42,000 annually. (This cost is in addition to the current budget for all Life, AD&D and Disability insurance coverages of \$625,852.)

- Third party implementation and ongoing administration fees
- Administrative fees may be offset by .25 FTE

Approach:

Staff would like to release the RFI to Unum in October of 2017 and begin the RFP process in February of 2018.

Owner(s):

Gail Cagle
Human Resources – Chief Human Resources Officer
gail.cagle@denverwater.org
303.628.6334

Attachments:

Presentation

Respectfully submitted,



Human Resources

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: 9/27/2017

Board Item: V-A-2

Briefing Paper for Benefit Plan Administration RFP Partnership

Strategic Plan Alignment:

Lenses: Check all that this initiative addresses: Customer Centric Industry Leader Long-Term View

Being an industry leader includes having the right technology in place to support our internal goals and initiatives, as well as ensuring that Denver Water is utilizing the tools necessary to attract and retain appropriate employee talent. Benefit administration technology is a key component of this effort. With benefits making up approximately 44% of the total cost of employee compensation at Denver Water, it is critical that our employees have the information and tools they need to make the decisions that will promote their wellbeing in both the short and long-term.

Summary:

Historically, Denver Water has administered employee benefits in-house, both manually and via its PeopleSoft system. Human Resource staff would like to explore outsourcing the administration of such benefits to a third-party administrator. The approach would be similar to the administration of the 401k and 457 plans by Empower, and the administration of the pension plan by John Hancock in 2018.

Background:

Benefit administration is currently performed via the PeopleSoft benefit administration module. While the module is serviceable, it does not have the flexibility, capability and/or functionality needed to administer the Denver Water benefits program in the desired manner. We feel that other providers, who have a specific focus on benefit administration, have the technology to scale with Denver Water, while at the same time providing improved functionality and administrative efficiencies, which would then lead to a lesser administrative burden on the internal staff (e.g. HR, payroll, IT, etc.), and over time, the reduction of 1 FTE.

Budget Information:

There are costs associated with replacing the PeopleSoft benefit administration module and transitioning to a third-party administrator. To better evaluate and optimize the costs and services, we propose to issue a Request for Proposal (RFP). Responses to the RFP will inform staff about the full costs of providing the additional services necessary for administering benefits, as well as insight into technology tools that will help support the Denver Water benefit program initiatives (e.g. decision support tools). Options for how administration fees can be covered will be discussed during the RFP process.

We are requesting the assistance and expertise of the HR Benefit & Technology (HRBT) practice of Gallagher Benefit Services (GBS) to develop an RFP and provide assistance in the selection process. The HRBT practice is a nationally recognized consulting arm of Gallagher Benefit Services, based in Chicago, with significant experience and expertise in the small to mid-market. HRBT understands Denver Water's current benefit plan structure and would be an asset to Denver Water in the development and evaluation process. HRBT has developed a project proposal for services and fees associated with the above request not to exceed \$65,180.

HRBT is also able to provide implementation oversight, if desired, to ensure the new benefit technology is rolled out successfully. Depending on the level of support requested, HBT has developed a project proposal for additional services and fees not to exceed \$31,720.

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Alternatives:

Denver Water is currently utilizing the PeopleSoft benefit administration module. If Denver Water does not want to change benefit administration providers now, we could remain with PeopleSoft until we replace PeopleSoft as our HRIS provider (currently estimated to be 2020-2022). At that time, we would then need to move forward with the process outlined above.

Approach:

We would like to begin the RFP process in October 2017 and conduct finalist interviews in January 2018. We will evaluate the cost of working with a third-party administrator against the cost to keep the function with PeopleSoft and come back to the Board with options and a recommendation. If the business case proves out the benefit of a new third-party administrator, our goal would be to have the plan fully transitioned and a new third-party administrator in place beginning in early July 2018.


Owner(s):

Gail Cagle
Human Resources – Chief Human Resources Officer
gail.cagle@denverwater.org
303.628.6334

Attachments:

Presentation

Respectfully submitted,



Human Resources