

AGENDA

Denver Board of Water Commissioners

Video Conference: <http://zoom.us/join>, Meeting ID: 976 4746 5868 - Passcode: 072077 or

Dial in (669) 900-6833 - Meeting ID: 976 4746 5868- Passcode: 072077

Wednesday, September 9, 2020 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 August 12, 2020
2. Minutes from August 26, 2020
3. External Financial Audit Services – Contract 504138
4. Transition Plan Agreement with The Consolidated Mutual Water Company – Agreement 504585
5. Customer Bill Printing, Fulfillment, and Delivery – Contract 504516
6. Printing and Mailing Services – Contract 504531

B. Individual Approval Items

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

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



III. POLICY MATTERS

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 D.R.M.C Sec. 2-34.

- A. Confidential Report**

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: September 9, 2020

Board Item: II-A-3

External Financial Audit Services Contract 504138

Action by Consent

Individual Action

Purpose and Background:

Denver Water contracts with a financial auditor for the external audit of its financial statements. The audit is of the Comprehensive Annual Financial Statements of Denver Water and the Financial Statements of the Denver Water Retirement Plans. External audits have very specific governance to adhere to and are required to follow Generally Accepted Audit Standards for each component of the audit. The work, by nature, has a very defined scope and includes several audits over the course of the engagement term as follows:

1. Annual audit of the Board's financial statements.
2. Agreed-Upon Procedures letters for three waste disposal sites.
3. Annual audit of the Denver Water Board of Trustees Retirement Plan Financial Statements, including the pension plan, 401(k) and 457.
4. Additional services, if applicable:
 - a. A single audit of the Board's schedule of expenditures of federal awards and an auditing of the federal financial assistance programs.
 - b. Review of the implementation of a new financial system (ERP) and corresponding financial data transition.

The Governmental Finance Officers Association (GFOA) audit procurement best practice recommends a five-year agreement term for audit services to allow for greater continuity, minimize the potential for disruption in connection with the independent audit, and to reduce audit costs. GFOA recommends staff rotation when the audit firm is contracted with for additional periods, which is a common practice in local government, e.g., City & County of Denver and City of Aurora have engaged their current auditors for 14 years.

This service was last bid in 2015 and was awarded to CliftonLarsonAllen. The agreement term was October 14, 2015 through September 30, 2020, for a total agreement amount not to exceed \$533,880.

Budget and Schedule:

The total amount of this contract is \$657,643 inclusive of single audit and ERP fees. The term of the contract is September 9, 2020 through September 30, 2025. Funds for this contract will come from the budget for Finance and the Defined Benefit Plan, which have sufficient funds to pay the \$15,050 and \$1,930 respectively, estimated to be needed in 2020. The remaining \$640,663 will be budgeted in years 2021 – 2025, with \$48,885 of that remaining amount to be paid by the Defined Benefit Plan.

Selection of Business Partner:

Denver Water received six proposals from the following organizations: CliftonLarsonAllen, Plante Moran, BKD, Moss Adams, Eide Baily, and ACM. The six proposals were evaluated based on the following criteria:

1. Expertise and Experience
2. Understanding of the Work to be Performed
3. Staffing Plan
4. Acceptance of Denver Water’s Terms included in the Sample Agreement
5. Plan for Transitioning from Existing Audit Firm
6. Audit Approach
7. Professional References
8. Management and Organization
9. Proposal Pricing

Interviews were held with the top three Proposers, and Denver Water’s evaluation team unanimously selected CliftonLarsonAllen as their first choice primarily for their experience and expertise with both local government and water utilities, staffing plan, pricing, and audit approach. Pursuant to GFOA guidance, CliftonLarsonAllen is providing a completely new audit team under a new partner to provide fresh eyes, a new perspective, and objectivity.

S/MWBE Information:

Small/Minority and Women-owned Business Enterprise goals are not applicable for this item.

Recommendation:

It is recommended that the Board approve Finance Auditing Services 504138 with CliftonLarsonAllen dba CLA for financial auditing services for the contract period September 9, 2020 through September 30, 2025 for a total contract amount not to exceed \$657,643.

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"/> Mike King, Chief External Affairs 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: September 9, 2020

Board Item: II-A-4

Transition Plan Agreement with The Consolidated Mutual Water Company Agreement No. 504585

Action by Consent

Individual Action

Purpose and Background:

The Consolidated Mutual Water Company ("CMWC") operates a master meter service area fed exclusively by Denver Water's potable water and a separate service area served by its Maple Grove system. For water quality compliance purposes, under the Colorado Primary drinking water regulations, Denver Water has operated an integrated system with its total service, read and bill and master meter distributors. The integrated system realizes significant efficiencies and economies of scale by allowing Denver Water to conduct water quality sampling on behalf of its distributors, thereby conserving their resources. Since the creation of the integrated system, CMWC's master meter service area has been a part of the integrated system.

On August 28, 2013, Denver Water and CMWC entered into Potable Water Lease Agreement No. 15163A. The Potable Water Lease Agreement terminated CMWC's master meter contract and converted it to a potable water lease for up to 10,000 acre-feet. Under Article III of the Potable Water Lease Agreement, CMWC was allowed to assume all responsibilities for compliance with State and Federal water quality parameters and to commingle water between its former master meter service area and its Maple Grove service upon installation of all necessary backflow prevention assemblies ("Assemblies") to prevent a contamination of Denver Water's integrated system.

The Transition Plan Agreement No. 504585 establishes a process and benchmarks that will allow CMWC to fully separate from the integrated system by December 31, 2024. The Transition Plan Agreement also protects public health by requiring that all lead service lines within CMWC's master meter service area be fully replaced and Assemblies installed within the master meter service area before CMWC may begin to blend supplies with its Maple Grove System. If CMWC does not meet certain deadlines, Denver Water reserves the right to install any necessary Assemblies and replace any unreplaced lead service lines at CMWC's cost. CMWC is also agreeing to coordinate with Denver Water to implement other elements of the lead reduction program plan within CMWC's service area to protect CMWC's customers until their lead service lines can be replaced.

The Transition Plan Agreement requires that CMWC submit a proposed water quality sampling and monitoring plan to State regulators and obtain their approval by December 31, 2020. Upon the State's approval of the CMWC water quality monitoring and sampling plans, CMWC will assume responsibility for compliance with nearly all drinking water parameters, except for lead. CMWC will continue to rely on Denver Water to comply with the Safe Drinking Water Act's Lead and Copper Rule's corrosion control treatment and lead and copper monitoring requirements and will continue to remain part of the Denver Water integrated system for these two requirements until December 31, 2024.

Budget and Schedule:

Compliance by Consolidated Mutual with the terms of the Transition Plan will relieve Denver Water of the costs associated with lead service line removal within the Consolidated Mutual service area.

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

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



Recommendation:

It is recommended that the Board approve the Transition Plan Agreement No. 504585 with The Consolidated Mutual Water Company.

Approvals:

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

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: September 9, 2020

Board Item: II-A-5

Customer Bill Printing, Fulfillment, and Delivery Contract 504516

Action by Consent

Individual Action

Purpose and Background:

The purpose of this document is to recommend approval of Contract 504516 for customer bill printing, fulfillment, and delivery services with OneSource.

These services consist of postage, envelopes, printing materials, and coordination with the U.S. Postal Service to deliver customer bills, letters, and customer account notifications. Historically, Denver Water sends approximately 195,000 bills, 7,000 delinquent notices, and 15,000 letters each month. We anticipate printing and postage costs to increase into 2021 for additional communication and educational materials outlining expectations and options for paying delinquent bills as decisions are made on how we assist customers with past due balances.

Budget and Schedule:

The total amount of the customer bill printing, fulfillment and delivery contract is \$6,842,180. The term of the contract is October 1, 2020, through September 30, 2025. Funds for this contract will come from the 2020 budget, Customer Care Business Unit, which has sufficient funds to pay the \$462,000 estimated to be needed in 2020. The remaining \$6,380,180 will be budgeted in years 2021 through 2025.

Selection of Business Partner:

Denver Water issued RFP CBP2020 for customer billing, printing and mailing services on April 10, 2020. Denver Water posted the documents to Rocky Mountain E-Purchasing System (BidNet), Denver Water's website, and through direct email to known organizations.

The RFP was structured such that interested organizations could submit proposals for:

- **Schedule 1: Data Management, Bill Printing, Fulfillment, and Delivery.**
- Schedule 2: Postcards, Brochures, Employee Magazine, Calendars, LRP communications and other customer materials.
- Both Schedules 1 and 2.

Denver Water received 24 proposals in total. Of the 24 proposals:

- Seven (7) Proposers bid on Schedule 1 only,
- Three (3) Proposers bid on Schedule 2 only,
- Fourteen (14) Proposers bid on both Schedules 1 and 2.

Denver Water's evaluation team selected OneSource for award of **Schedule 1** based on its ability to meet work requirements, proposed pricing, understanding of work, and experience.

S/MWBE Information:

OneSource is an SBE. There was no S/MWBE goal established for this procurement.

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

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



Recommendation:

It is recommended that the Board approve Contract 504516 with OneSource for our bill printing, fulfillment, and delivery for monthly bills, inserts, and transactional letters. The contract period will be October 1, 2020 through September 30, 2025, for a total contract amount not to exceed \$6,842,180.

Approvals:

- | | |
|---|---|
| <input checked="" type="checkbox"/> James S. Lochhead, CEO/Manager | <input type="checkbox"/> Brian D. Good, Chief Administrative Officer |
| <input type="checkbox"/> Julie Anderson, Chief of Staff | <input checked="" type="checkbox"/> Mike King, Chief External Affairs 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: September 9, 2020

Board Item: II-A-6

Printing and Mailing Services Contract 504531

Action by Consent

Individual Action

Boxes above for Manager's Office ONLY

Purpose and Background:

The purpose of this document is to recommend approval of Contract 504531 for Printing and Mailing Services with OneTouchPoint.

Contract 504531 is for local printing and data mailing services that facilitate customer and employee communications. This includes the annual watering rules, the Water Quality Report, Lead Reduction Program communications, water efficiency postcards and informational brochures. These print projects are scheduled and unplanned jobs that often require a quick turnaround and may require data management and mailing services that can't be handled in-house due to timing and volume. The Lead Reduction Program has increased the need for printed and mailed communication in the last year, therefore increasing the need for print and data mailing services.

The current printing and mailing services contract was awarded four years ago to three vendors under a parent contract. We issued an RFP in April 2020, as our current contract for these services expires September 30, 2020. As a result of the RFP process, we have consolidated the printing and mailing services under a single vendor, with the exception of bill inserts, which will move to the bill printing and fulfillment vendor.

Budget and Schedule:

The total amount of the printing and mailing services contract is \$825,000. The term of the contract is October 1, 2020 through September 30, 2023. Funds for this contract will come from the 2020 budget, Organizational Communications Business Unit, and the Lead Reduction Business Unit, which have sufficient funds to pay the \$90,000 estimated to be needed in 2020. The remaining \$735,000 will be budgeted in years 2021 through 2023.

Selection of Business Partner:

Denver Water issued RFP CBP2020 for customer billing, printing and mailing services on April 10, 2020. Denver Water posted the documents to Rocky Mountain E-Purchasing System (BidNet), Denver Water's website, and through direct email to known organizations.

The RFP was structured such that interested organizations could submit proposals for:

- Schedule 1: Data Management, Bill Printing, Fulfillment, and Delivery.
- **Schedule 2: Postcards, Brochures, Employee Magazine, Calendars, LRP communications and other customer materials.**
- Both Schedules 1 and 2.

Denver Water received 24 proposals in total. Of the 24 proposals:

- Seven (7) Proposers bid on Schedule 1 only,
- Three (3) Proposers bid on Schedule 2 only,
- Fourteen (14) Proposers bid on both Schedules 1 and 2.

Denver Water's evaluation team selected OneTouchPoint for award of **Schedule 2** based on their abilities to meet work requirements, proposed pricing, understanding of work, and experience.

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

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



S/MWBE Information:

OneTouchPoint is neither an SBE nor MWBE. There was no S/MWBE goal established for this procurement.

Recommendation:

It is recommended that the Board approve Contract 504531 with OneTouchPoint for other printing services for the contract period October 1, 2020 through September 30, 2023, for a total contract amount not to exceed \$825,000.

Approvals:

- | | |
|---|---|
| <input checked="" type="checkbox"/> James S. Lochhead, CEO/Manager | <input type="checkbox"/> Brian D. Good, Chief Administrative Officer |
| <input type="checkbox"/> Julie Anderson, Chief of Staff | <input checked="" type="checkbox"/> Mike King, Chief External Affairs 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 |