

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 9, 2009

Board Item: V-E-12

Intergovernmental Agreement with the Wastewater Management Division for CIS Cost-Sharing and Monthly Service Fee Determination

Action by Consent

Action

Information

In 1966 the Board and the City of Denver's Wastewater Management Division ("WMD") entered into a contract whereby the Board would provide wastewater billing services for WMD in return for a monthly service fee. That contract has remained in effect and the parties have achieved economies of scale and savings for their respective customers that likely would not be available were either party working alone.

Most recently the parties have collaborated on Phase I of the Customer Information and Billing System (CIS) Project. The attached IGA is intended primarily to set forth (1) cost-sharing responsibilities as between the parties for Phase I of the CIS Project and (2) a cost-based methodology for determining the monthly service fee paid by WMD to the Board beginning in January 2010.

The IGA includes payment terms as follows:

- (1) WMD's portion of the CIS Project Costs is \$6,124,825.33. They will pay this amount over a five-year period beginning January 2010 and ending December 2014. Payments will include interest at the rate of 4.23% per annum. Annual payments total \$1,384,703.40.
- (2) WMD will pay a service fee payment to the Board for billing services. From January 2010 through December 2014 the existing fee will escalate at 3% per year as it has done for the past several years. However, the parties recognize that the true cost to the Board of providing billing services to WMD is far greater than the amount WMD has historically paid. As a result, during this 5-year period WMD will incur a deferred liability in the amount of the difference between what WMD actually pays and what the mutually agreed upon annual cost analysis shows to be the true cost to the Board of providing billing services to WMD. WMD will pay the total deferred liability amount to the Board over a five-year period beginning in January 2015 and ending in December 2019. Additionally, beginning in January 2015 the monthly service fee WMD pays to the Board will be determined by the annual cost analysis. Currently, WMD pays the Board \$55,000.00 per month while the cost analysis shows the true cost to the Board of providing billing services to WMD to be \$183,164.00.

Recommendation:

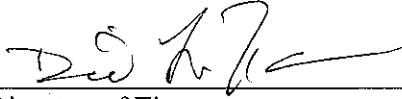
It is recommended that the Board approve the attached Intergovernmental Agreement.

Respectfully submitted,

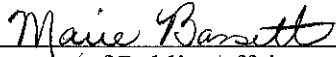


H. J. Barry, Manager

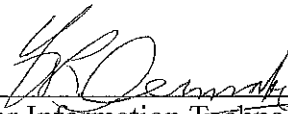
Approvals:



Director of Finance



Director of Public Affairs



Director Information Technology



General Counsel