

AGENDA

Denver Board of Water Commissioners

Denver Water Administration Building
1600 West 12th Avenue
Denver, CO
Cheesman Room, Three Stones Building

Wednesday, November 9, 2016 **8:30 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

1. Presentation of the Colorado Environmental Leadership Program Silver Awards

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 October 12, 2016 – Open and Executive
2. Minutes from October 26, 2016 – Open and Executive
3. Recommended Revisions to Personnel Policies Regarding Nondiscrimination based on Pregnancy, Corrective Action, Pay Increases, On-Call Pay and Domestic Partner Benefits
4. Settlement of Claim by Presbyterian/St. Luke's Medical Center
5. Equipment Purchase with Vectors, Inc. to Update and Standardize GPS Technology
6. Contract 16930A with Bosco Constructors, Inc. for Highlands Pump Station Renovation

7. Contract 16943A with Tetra Tech, Inc. for North System Renewal Water Treatment Plant (Northwater Treatment Plant) Design Package #4 – Ancillary Treatment Process Systems and Structures
8. Ratification of Construction Contracts Change Orders and Amendments to Contracts/Agreements
9. Third Quarter 2016 Burdens and Disposals
10. Contract 16700A for PVC and Ductile Iron Pipe, Mechanical Joint Restraints and Fittings
11. 2013 Credit Facility (Bank of America)

B. Individual Approval Items

- | | | |
|---|------------|-----------|
| 1. Contract 16953A Colorado River System Conservation Pilot Program
Walton Family Foundation Grant | Dan Arnold | 5 minutes |
|---|------------|-----------|

III. POLICY MATTERS

- | | | |
|-------------------------------|-----------------|------------|
| A. Pension Review | Angela Bricmont | 10 minutes |
| B. Employee Open Forum | | |

IV. EXECUTIVE UPDATE

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

V. BRIEFING PAPERS & REPORTS

- A. Briefing Memorandum**
 1. **ORCA Increment 2**
 2. **Pension Plan**

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: November 9, 2016

Board Item: II-A-3

Recommended Revisions to Personnel Policies Regarding Nondiscrimination Based on Pregnancy, Corrective Action, Pay Increases, On-Call Pay and Domestic Partner Benefits

Action by Consent

Action

Information

Summary:

Below is a summary of reasons for the recommended changes to the *Personnel Policies*:

Section 3-1-(1) (Nondiscrimination Policy): This change would add “pregnancy” to the list of protected characteristics under the Board’s nondiscrimination policy. This change is warranted by the recent adoption by the State of Colorado of a law, the Pregnancy Discrimination Act, which makes it an unfair employment practice if an employer fails to provide reasonable accommodations to a job applicant or an employee for conditions related to pregnancy or childbirth.

Section 4-3-(1) (Candidate/Eligible List): Denver Water recently completed a compensation study, revised many job descriptions, and eliminated or renamed some job titles. As a result there are fewer official job titles, and employees holding the same title may actually perform different job duties and require different qualifications. The proposed policy clarifies that a “candidate list” (often referred to as an “eligible list”) will include only those candidates who completed for a position with the same basic job duties and educational and experience requirements as the position to be filled from the candidate list. This will insure that candidates hired off an eligible list are qualified for a specific position, and not just generically qualified for any position with the same job title.

Section 11-2-(bb) (Corrective Action): This policy would replace an obsolete Executive Guideline, and makes the unauthorized destruction of Denver Water records and failure to comply with a legal hold a cause for corrective action.

Section 12-2-(4) (Pay Increase After Successful Bid): This change would allow a supervisor to award a pay increase to an employee who successfully bids into a lateral position in the same pay grade. These employees currently are not eligible for a pay increase at the time of hire, and may receive a pay adjustment only later if requested by the supervisor. An external candidate, on the other hand, gets the benefit of a hiring salary recommendation review, while internal candidates do not. This policy change would treat all candidates equally in the hiring salary recommendation process.

Section 12-7-(1) (On-Call Pay for Exempt Employees): The recommended changes would eliminate on-call pay for exempt employees. This is an uncommon practice that is more appropriately addressed through the pay adjustment process.

Section 14-2-(1) Domestic Partner Benefits: With the Supreme Court’s recognition of same-sex marriage in all 50 states, Denver Water’s policy that provided benefits to bona fide domestic partners of employees has become obsolete. The recommended policy revisions provides that Denver Water would continue to recognize existing domestic partnerships at Denver Water for benefits purposes, but will not recognize any new domestic partnerships for benefits purposes.

Recommendation:

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

Approvals:

Respectfully submitted,



Patricia L. Wells
General Counsel



James S. Lochhead
CEO/Manager



Gail Cagle
Chief Human Resources Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: November 9, 2016

Board Item: II-A-4

Settlement of Claim by Presbyterian/St. Luke's Medical Center

Action by Consent

Individual Action

Summary:

On August 15, 2016, Denver Water employees involved in valve operations as part of the cement mortar lining project left a valve in a closed position causing extensive damage to the hospital's fire line pump and electrical panel when they went into operation without a water supply.

Budget Information:

The total amount requested is \$109,367.25. Funds for this Settlement of Claim will come from the 2016 budget business unit (651210) under other insurance claims, which has sufficient funds to pay the \$109,367.25.

Recommendation:

It is recommended that the Board approve payment to Presbyterian/St. Luke's Hospital in the amount of \$109,367.25 in full settlement of the hospital's claim against the Board for property damage resulting from the August 15, 2016 incident.

Approvals:

Respectfully submitted,



Patricia Wells
Office of General Counsel



James S. Lochhead
CEO/Manager



Angela Bricmont
Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: November 9, 2016

Board Item: II-A-5

Equipment Purchase with Vectors, Inc. to Update and Standardize GPS Technology

Action by Consent

Individual Action

Summary:

Global Positioning System Coordination is seeking approval to purchase equipment for new and current GPS users across the organization. GPS users are responsible for collecting accurate asset location and attribute information used to populate databases utilized by the entire organization. Location information is collected for all new assets ranging from meter sets to large capital projects. GPS plays a vital role in Denver Water's day to day business. Every Denver Water project uses GPS for design, layout, as-built completion, and population of E-Map, the primary asset record database.

GPS Coordination has standardized collection methods and now is working on standardizing accuracy requirements. Customer Service Field (CSF) utilize GPS equipment that does not meet new accuracy standards. CSF has become a vital contributor of spatial data that many other sections rely upon for efficient workflows. GPS Coordination is working hard to build and strengthen GPS data collection efforts by standardizing accuracy requirements, which will improve cross-departmental collaboration and data sharing throughout the organization.

This year GPS Coordination performed a successful GPS data collection pilot program in Transmission and Distribution (T&D). This purchase of GPS equipment will allow T&D staff to follow design requirements and collect as-built information during construction to share with the entire organization. The new equipment will also give T&D staff the ability to utilize asset location data collected by other Denver Water sections. The new equipment meets all GPS collection standards and aligns with GPS Coordination's five-year equipment plan. The plan takes into account the number of user hours and provides the newest equipment to power users, while redeploying remaining functional equipment to other sections.

Budget Information:

The total amount of this purchase order is \$328,369.60, with equipment to be delivered by November 30, 2016. Funds for this purchase will come from the 2016 operating budget for the Chief Engineering Officer Business Unit, which requires a budget adjustment.

Selection of Business Partner:

Vectors has been a valuable business partner throughout the process of standardizing the Denver Water GPS program. All survey grade GPS equipment currently being used is being serviced and supported by Vectors. They have established a high level of customer support due to their thorough knowledge of Denver Water's GPS program objectives and standards. For this reason, a Competitive Selection Waiver has been established for GPS equipment purchases, recognizing that an alternate vendor would not be able to accomplish the same support without a significant time delay.

In addition to a retail discount of 20% off listed pricing, Vectors is providing Denver Water with a four days of customized training per user group (valued at approximately \$5,000), free loaner equipment during calibration/repairs periods, and lifetime technical support.

Recommendation:

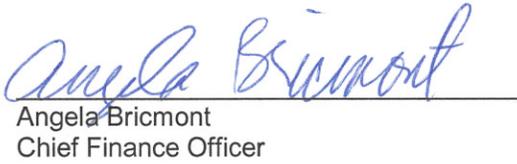
It is recommended that the Board approve the purchase of GPS equipment from Vectors, Inc. for a total Purchase Order amount of \$328,369.60. Funding for this purchase will be provided by the Chief Engineering Officer Operating Business Unit.

Approvals:


Robert J. Mahoney
Chief Engineering Officer

Respectfully submitted,


James S. Lochhead
CEO/Manager


Angela Bricmont
Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: November 9, 2016

Board Item: II-A-6

Contract 16930A with Bosco Constructors, Inc. for Highlands Pump Station Renovation

Action by Consent

Individual Action

Summary:

Highlands Pump Station consists of a Low Pressure Side, constructed in 1969, and a High Pressure Side, constructed in 1985. Collectively, it can deliver up to 60 MGD of potable water to the south east area of Denver Water's distribution system. As part of the Programs and Systems approach to identifying and budgeting for projects, Highlands Pump Station was identified and prioritized as a facility that is in need of upgrades in order to meet the program Key Performance Indicator Goals. The project includes renovations to the surge protection systems, HVAC systems, cathodic protection systems, and electrical systems. Renovations to these systems will improve their reliability, sustainability, and allow them to operate more efficiently. New equipment and systems will incorporate Denver Water and industry design practices, they will also provide increased safety for Denver Water personnel and reduce the arc flash (electrical burn) safety hazard. This contract includes all necessary labor, equipment, and materials to complete the Highlands Pump Station Renovation Project.

Budget Information:

The total amount of this contract is \$2,692,052 and the term of the contract is November 9, 2016 through April 28, 2018. Funds for this contract will be budgeted in the 2016, 2017, and 2018 capital budgets.

Selection of Business Partner:

Denver Water solicited bids from four contractors on the Prequalified Contractors List under the Water Treatment and Pump Stations discipline. This contract was a restricted bid process using Invitation to Bidders on the QuestCDN platform. All four contractors submitted bids and were accepted by Denver Water. Bosco Constructors, Inc. was selected based on the lowest cost bid.

S/MWBE Information:

The Minority and Women Business Enterprise (MWBE) goal established for this construction project is 5% participation. Bosco Constructors, Inc. achieved 26.63% MWBE participation.

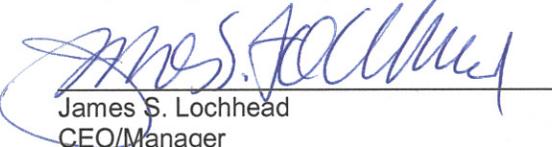
Recommendation:

It is recommended that the Board approve Contract 16930A with Bosco Constructors, Inc. for Highlands Pump Station Renovation for the contract period November 9, 2016 to April 28, 2018 for a total contract amount not to exceed \$2,692,052.

Approvals:


Robert J. Mahoney
Chief Engineering Officer

Respectfully submitted,


James S. Lochhead
CEO/Manager


Angela Bricmont
Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: November 9, 2016

Board Item: II-A-7

Contract 16943A with Tetra Tech, Inc. for North System Renewal Water Treatment Plant (a.k.a. Northwater Treatment Plant) Design Package #4 – Ancillary Treatment Process Systems and Structures

Action by Consent

Individual Action

Summary:

The North System Renewal Water Treatment Plant (NSRWTP), soon to be renamed Northwater Treatment Plant, is a new 150 million gallons per day (MGD) facility to be constructed on Denver Water's (DW's) Ralston Reservoir property north of Golden on Colorado State Highway 93. DW is engaging a Design Team to jointly execute the design of the NSRWTP. The Design Team's responsibilities are selectively scoped and contracted in specific Design Packages (DPs) #1-7. The DPs and general scope of work are outlined below.

- DP #1 – Site and Civil Improvements
- DP #2 – Treatment Process Systems and Structures
- DP #3 – Electrical, Instrumentation & Control Systems
- **DP #4 – Ancillary Treatment Process Systems and Structures**
- DP #5 – Architectural and Building Systems
- DP #6 – Post-Tensioned Water Storage Tanks
- DP #7 – Moffat Facility Improvements

The DP #4 Consultant will be responsible for design of all necessary support system processes for the preliminary design phase services for the NSRWTP.

DW has negotiated the scope and fee for DP #4 through a 20-percent level of design and will continue in a phased contract approach for future design milestones, based on the project schedule and the firm's performance. Each subsequent phase will be brought to the Board for consideration and approval.

NSRWTP Project Delivery Tasks	
Major Tasks	Current Schedule
Task 1: Mobilization of Owner's Rep	Complete
Task 2: Design Phase Service Procurement (Design Team and CMAR)	In-progress
Task 3: Preliminary Design (0 to 20% completion) Board Workshop at 20% Design Milestone	8/2016 – 3/2017 (in progress)
Task 4: Final Design (20 to 100% completion through bidding) Finalize Project Budget at 30% Design Milestone	3/2017 – 2018-2021 (varies)
Task 5: Construction	2018 – 2023
Task 6: Transfer of Facility Ownership	2023

Budget Information:

The total amount of this contract is \$369,374 with no contingencies. The term of the contract is November 9, 2016 to March 31, 2017. Funds for this service/contract will come from the 2016 budget for North System Renewal Water Treatment Plant Upgrades Business Unit, which has sufficient funds to pay the \$85,000 estimated to be needed in 2016. The remaining \$284,374 will be budgeted in 2017.

Selection of Business Partner:

On Wednesday, August 10, 2016, a Request for Proposals (RFP) was posted to Denverwater.org, publically advertised in the Daily Construction Journal, and 500 firms from DW's engineering contact list were also directly notified by mass email. Seven firms attended the Mandatory Pre-Proposal conference for DP #4 held on Wednesday, August 17, 2016. On Monday, September 12, 2016, Denver Water received three Proposals for DP #4 from the following firms:

- Black & Veatch (B&V)
- Burns & McDonnell (B&M)
- Tetra Tech (TT)

All of the proposals were reviewed and evaluated by a team of Engineering and Operations and a quality-based selection was made and documented. DW evaluated the proposals to ensure the approach and rates are appropriate for the scope of work and that the proposed firms had the capabilities and resources to support the overall NSRWTP Project.

DW determined Tetra Tech, Inc. best met the evaluation criteria and provides DW with the most value and innovation for the NSRWTP. The negotiated rates and fee are presented here for Board approval.

S/MWBE Information:

The MWBE goal for DP #4 Task 3 - Preliminary Design was 2-5%. The Tetra Tech team has 3% MWBE participation for Task 3 – Preliminary Design, and will work with DW to identify meaningful opportunities for future Tasks.

Recommendation:

It is recommended that the Board approve Agreement No. 16943A with Tetra Tech, Inc. for DP #4 – Ancillary Treatment Process Systems and Structures design for the NSRWTP for the contract period November 9, 2016 to March 31, 2017 for a total contract amount not to exceed \$369,374.

Approvals:



 Robert J. Mahoney
 Chief Engineering Officer

Respectfully submitted,



 James S. Lochhead
 CEO/Manager



 Thomas J. Roode
 Chief Operations and Maintenance Officer



 Angela Bricmont
 Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: November 9, 2016

Board Item: II-A-8

Ratification of Construction Contracts Change Orders and Amendments to Contracts/Agreements

Action by Consent

Action

Information

Summary:

The attached are Construction Contracts Change Orders and Amendments to Contracts/Agreements for Board ratification for September and October 2016.

Approvals:


Robert J. Mahoney
Chief Engineering Officer

Respectfully submitted,


James S. Lochhead
CEO/Manager


Angela Bricmont
Chief Financial Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: November 9, 2016

Board Item: II-A-9

3rd Quarter 2016 Burdens and Disposals

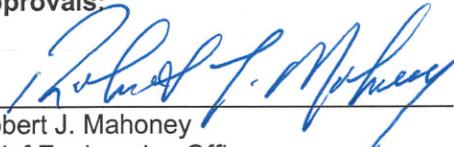
Denver Water's Executive Guidelines B-1, Section 7 state, "All actions taken by the Manager or his designees under the authority granted to him by the Board, which either burden or dispose of Board property or involve an expenditure of \$10,000.00 or more, shall be reported in writing by the Manager to the Board, at least quarterly."

For reference, the attached report may include the following:

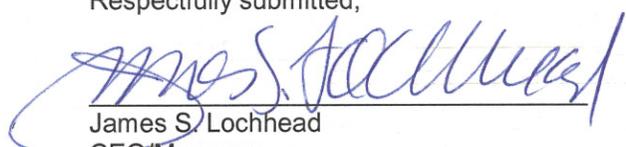
- **Disposals** – Fee property deeded away by Denver Water.
- **Leases** – Property rights of variable time periods granted by Denver Water generally on non-operating land or when leased use does not conflict with Denver Water operations. Compensation is appraised.
- **Letters of Authorization** – Short term property or access rights granted by Denver Water for uses of no more than one year with no compensation.
- **License Agreements** – Perpetual property rights that are granted by Denver Water to a specific party for a specific use that could be revoked at Denver Water's discretion within 30 days. Compensation is a set fee.
- **Easements** – Permanent property rights granted by Denver Water that run with the land. Compensation is appraised.
- **Temporary Easements** – Temporary property rights granted by Denver Water for a longer term use on our land. Compensation is appraised and assessed for the duration of the use, typically on a monthly basis.

This report will be updated and presented to the Board on a quarterly schedule

Approvals:


Robert J. Mahoney
Chief Engineering Officer

Respectfully submitted,


James S. Lochhead
CEO/Manager

Meeting Date: November 9, 2016

Board Item: II-A-10

PVC and Ductile Iron Pipe, Mechanical Joint Restraints and Fittings Contract # 16700A

Action by Consent

Individual Action

Summary:

Denver Water uses ductile iron pipe, PVC pipe, mechanical joint ductile iron fittings and mechanical joint restraints for potable and recycled water line installations and repairs, including leak repairs, hydrant installations, system upgrades, pipe rehabilitation and water main replacement. Various sizes of pipe, fittings and restraints are required depending on the requirements of the particular job. Some pipe sizes are stocked by the warehouse, while others are delivered directly to job sites.

Budget Information:

The total amount of this contract is \$3,667,000.00, and the term of the contract is November 9, 2016 to November 30, 2019. Funds for this service/contract will come from the 2016 budget for Warehouse, which has sufficient funds to pay the \$198,216.00 estimated to be needed in 2016. The remaining \$ 3,468,784.00 will be budgeted in years 2017, 2018 and 2019.

Selection of Business Partner:

Denver Water issued a request for proposal (RFP) to the public on the Rocky Mountain E-Purchasing System (BidNet), Denver Water's website, and notified the SBE and MWBE community. Denver Water received three proposals, one was an SBE and none were MWBE. Colorado Springs Winwater Works Inc., the sole SBE respondent, was selected for the final award. The selection was based on the Vendor's Experience, Understanding of Work, Service Level, Proposer's Supply Chain/Distribution and Price.

S/MWBE Information:

Colorado Springs Winwater Works Inc. is an SBE.

Recommendation:

It is recommended that the Board approve Agreement 16700A with Colorado Springs Winwater Works Inc. for PVC, ductile iron pipe, mechanical joint restraints and fittings for the contract period of November 9, 2016 to November 30, 2019 for a total contract amount not to exceed \$3,667,000.00.

Approvals:



Thomas J. Roode
Chief of Operations Maintenance Officer

Respectfully submitted,



James S. Lochhead
CEO/Manager



Angela Bricmont
Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: November 9th, 2016

Board Item: II-A-11

2013 Credit Facility (Bank of America)

Action by Consent

Individual Action

Summary:

On November 20, 2013 the Board approved the 2013 Credit Facility (Bank of America) Resolution authorizing a revolving line of credit ("Credit Facility") with Bank of America N.A. The line of credit provides an interim source of financing for Capital Improvements to the Board's waterworks system. The Credit Facility is a special, limited obligation of the Board, payable solely from the Net Revenue and secured by a lien on the Net Revenue that is subordinate to the lien of the currently outstanding Parity Bonds. The initial term of the Credit Facility will expire on November 15, 2016, with the option to the maturity date.

Budget Information:

The Credit Agreement contemplates advances on the Credit Facility of up to \$30 million, with any outstanding balances to be paid down by issuing long-term revenue bonds. The next draw is anticipated in 2018.

The Credit Agreement specifies the commitment fees and applicable interest rate on the advances. Funds to pay those fees will come from the 2016 budget for Debt, which has sufficient funds to pay the \$67,500 estimated to be needed in 2016.

Selection of Business Partner:

The current Financial Advisor, George K. Baum & Company, solicited quotes from seven different banks and compared the terms and pricing. Given the favorable terms and pricing offered by Bank of America, our external advisors are recommending extension of the current agreement for next two years, which is anticipated under Section 2.12 of the Credit Agreement. The current Bond Counsel, Becker Stowe LLP, reviewed the Credit Agreement amendments proposed by Bank of America, including extension of the maturity date, as well as changes to certain other terms.

S/MWBE Information:

After analysis of the market, it was determined that this service did not provide opportunity for MWBE participation, so no goal was set.

Recommendation:

It is recommended that the Board approve the first amendment of the Credit Agreement between the Board and Bank of America N.A., extending the maturity date of the Facility to November 15, 2018 and changing certain other terms of the Facility and a resolution authorizing the execution and delivery of a revolving credit facility with Bank of America, N.A., as lender as well as certain related documents.

Approvals:

Respectfully submitted,


James S. Lochhead
CEO/Manager


Angela Brimont
Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: November 9, 2016

Board Item: II-B-1

Colorado River System Conservation Pilot Program Walton Family Foundation Grant Contract #16953A

Action by Consent

Individual Action

Summary:

The attached Agreement No. 16953A, concerns a \$500,000 grant to be issued by the Walton Family Foundation to Denver Water for funding of projects in the Colorado River System Conservation Pilot Program ("SCPP"). The SCPP was created to test voluntary compensated reductions in water use in order to create conserved water for storage in Lakes Powell and Mead. The SCPP was established under the July 30, 2014 Agreement ("Funding Agreement") between Denver Water, Southern Nevada Water Authority, Central Arizona Water Conservation District, Metropolitan Water District of Southern California, and the Bureau of Reclamation.

Under paragraph 6.3 of the Funding Agreement, "[o]ther entities, such as non-governmental organizations, may also provide funding for System Conservation projects under the Pilot Program described in this Agreement by providing money through a Local Funding Agency." The Walton Family Foundation would like to grant funds to Denver Water, as a local funding agency, for funding of projects approved in the SCPP.

The parties to the Funding Agreement in coordination with the Upper Colorado River Commission, have issued a request for proposals for a third round of projects during the 2017 irrigation season. Between the Walton Family Foundation grant funds and the parties' remaining funds under the Funding Agreement, the SCPP will make approximately \$1.8 million in funds available for system conservation pilot projects in the Upper Division States in 2017.

Budget Information:

The total amount of this contract is \$500,000, and the term of the contract is January 1, 2018. Funds for this contract will come from the Walton Family Foundation.

Recommendation:

It is recommended that the Board approve Agreement No. 16953A with the Walton Family Foundation for the contract period November 1, 2016 to January 1, 2018 for a total contract amount not to exceed \$500,000.

Approvals:



Mike King, Chief Planning Officer

Respectfully submitted,



James S. Lochhead
CEO/Manager



Angela Brimont
Chief Finance Officer

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: November 9, 2016

Board Item: V-A-1

Briefing Memorandum for ORCA Increment 2

Summary:

ORCA was initiated by the Board on July 22nd, 2014. Following that, the ORCA project team developed a high level design for the project as well as a 3 Increment Approach to deliver it. ORCA Increment 1 began in March of 2015, and was successfully delivered on July 5, 2016. As a part of Increment 1, we laid the groundwork for the ORCA project. We put the right chart of accounts structure in place to support Denver Water moving forward. The ORCA team has now turned its focus to Increment 2 and delivery of projects that will build on the foundation delivered in Increment 1.

ORCA Increment 2 is comprised of four projects:

- Payroll Configuration and Integration
- Timekeeping Upgrade and Enhancements
- Enterprise Financial System Procurement and Payment

This briefing memorandum will provide more detail on the projects included.

Payroll Configuration and Integration:

Background

The goal of this project is to reconfigure the payroll module in the PeopleSoft system to achieve the following:

- Reflect the cost of employer paid benefits at the employee level
- Provide consistency between our financial system (JDE) and payroll system (PeopleSoft) by replacing the legacy cost control number (CCCN) with business unit (BU)
- Automate integration between the financial system and payroll system to minimize errors and maximize efficiency
- Automate payroll garnishments, which is currently a manual process

Budget Information:

Budgeted cost for this project is \$171,000. This project is expected to come in on budget.

Approach:

This project is currently in the construction phase and is on track to be delivered on 12/17/2016. This effort was originally slated for ORCA Increment 3, but was moved forward into ORCA Increment 2 based on feedback provided by the Executive Sponsors and the Board.

Timekeeping Upgrade and Enhancements:

Background

This project will upgrade the Kronos timekeeping system from version 6 to version 8. It will also move the system from on premise to a cloud solution hosted by Kronos. We will also be enhancing the timekeeping system functionality to provide additional benefits to the organization including:

- Mobile accessibility
- Easier entry through exception based time reporting for exempt employees and pre-populated timecards
- Improve absence management including management of leave types such as FMLA and military leave
- Move to a single work week (instead of two as we have currently)

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

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



Budget Information:

Budgeted cost for this project is \$387,000. \$212,000 is for Kronos vendor implementation which will be brought to the board for approval on November 16th. Based on the concept level estimate, this project is expected to come in on budget.

Approach:

This project is in the initiation phase. A contract has been developed with Kronos. The scope is based on a charter approved by the Executive Sponsors that was informed by focus groups that occurred in 2015 and more recently in 2016. Additionally, the project will be executed in a phased approach.

Phase 1: Phase 1 will include discovery, requirements, and design activities. The goal will be to better refine project scope prior to moving forward with construction. At the end of phase 1, we will also present any additional change requests to the Executive Sponsors for further evaluation.

Phase 2: Phase 2 will include construction, go-live, go-live support, and transition. Prior to Go-Live, we will achieve organization readiness sign-off and Executive Sponsor sign-off

The plan is to deliver this project in the summer of 2017. An exact target date will be determined as a part of phase 1 activities.

Enterprise Financial System Procurement and Payment:**Background**

The Enterprise Financial System (JDE) Procurement and Payment project will continue our efforts to utilize the JDE system as our Enterprise Financial System. As a part of this project, we will be delivering the following things:

- A consolidated procurements and contracts module that support encumbrance accounting as part of its functionality.
- A consolidated payment process within JDE
- A consolidated expense management process within JDE
- An enhance budget adjustment process to support budget management throughout the year
- Retire in-house customized applications including eContract, eProcurement, eVoucher, and eExpense
- An evaluation of JDE mobile and enhanced security and determination of how to move forward with these area

Budget Information:

Budget cost for this project is \$917,000. The estimate includes \$500,000 for vendor implementation services and a 10 month duration to complete the work. During the RFP process, GSI provided a \$500,000 estimate, but with a 6 month timeline. In order to complete the project in 6 months, the organization would have to provide key resources at a 50% commitment level, requiring them to be backfilled. We asked GSI to re-estimate the cost based on the timeline we had planned for. They came back with a concept level estimate of \$835,000 for a 10 month schedule.

In order to mitigate risk associated with potential scope change and to better determine the appropriate schedule, we are splitting this project into a 2 phased approach. On November 16th, we will be presenting the phase 1 contract with GSI for the Board's approval in the amount of \$343,280.

On November 16th, we will also present an amendment to our contract with Breo Consulting Inc. This contract provides change management support to ORCA Increment 2 with a focus on the Enterprise Financial System changes. This amendment is in the amount of \$170,000 providing us with a ½ time resource through the project lifecycle.

Approach:

This project is in the initiation phase. A contract has been developed with GSI based on a charter with input from the business and refinement based on continued discovery sessions with GSI. The project will be executed in a phased approach as defined below.

Phase 1: Phase 1 will include discovery, requirements, and design activities. The goal will be to refine the requirements prior to moving forward with construction. At the end of phase 1, we will perform an evaluation of full cost of the project and make necessary adjustments if needed.

Phase 2: Phase 2 will include construction, go-live, go-live support, and transition. Prior to Go-Live, we will achieve organization readiness sign-off and Executive Sponsor sign-off. Prior to starting the 2nd phase, we will be asking the board for approval of Phase 2 cost and schedule.

Owner(s):

The Executive Sponsors for the ORCA Increment 2 Project are as follows:

- Angela Bricmont – Chief Financial Officer
- Chris Dermody – Chief Information Officer
- Brian Good – Chief Administrative Officer
- Bob Mahoney – Chief Engineering Officer
- Tom Roode – Chief Operations & Maintenance Officer

We have a primary executive sponsor for each of the projects in Increment 2. They are as follows:

- Angela Bricmont - Payroll Configuration and Integration project
- Tom Roode - Timekeeping Upgrade and Enhancement Project
- Brian Good - Enterprise Financial System Procurement and Payment Project

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: November 9, 2016

Board Item: V-A-2

Briefing Memorandum for Pension Plan

Summary:

As part of the November 9 Board meeting, the Board will hear from employees on the subject of potential changes to the pension plan, which would take effect on January 1, 2018 if adopted by the Board. No action will be taken by the Board at the November 9 meeting. Approval of conceptual changes to the plan will occur at the Board meeting on December 8, 2016, with adoption of formal changes to plan documents and personnel policies to occur at various meetings during 2017.

Background:

Examination of the pension has occurred as part of the Total Rewards effort. A major study of compensation was conducted over 18 months and was fully implemented in July of this year. A study of leave practices resulted in a decision to convert to Paid Time Off or PTO, to become effective January 1, 2017.

For the past 12 months, staff has worked with outside counsel and the pension plan's actuary to conduct research, develop potential scenarios and present information to the Board. Through those discussions, a conceptual proposal has been developed. Denver Water employees have been periodically informed about the potential for changes to the pension plan through the Conduit, CEO town halls, and open employee forums. Most recently, from October 10-19, nine open sessions were held with employees to inform them about the pension plan and the reasons for upcoming changes, and to allow them to ask questions.

A number of documents explaining various aspects of pension plan issues and research have been posted on Inflow since mid-October to provide employees direct access to information. One of those documents, "pension change explanation", is attached. It explains the background and rationale for the conceptual proposal. Links within the explanation provide employees access to the governing documents for Denver Water's pension plan and also to reports of how public pension plans are being modified and managed nationally. Please see the attached explanation document for more detail. One piece of information that was not contained in the paper, but was discussed at the employee sessions is that employee contributions were required by Denver Water's plan prior to 1981, but have not been required since that time.

Budget information:

It is anticipated that the changes to actuarial assumptions approved by the Board on August 10, 2106 will cause Denver Water's Actuarially Determined Contribution to increase in 2017 by \$3.5 million. That contribution will be offset by employee contributions, which will be 3%, phased in over three years beginning in January 2018.

Approach:

The Board will hear from employees during the November 9, 2016, Board meeting.