



AGENDA ITEM FORM

SUBJECT: Amendment to 28E Agreement with City of Des Moines Concerning Billing/Collection Services and Agreement with City of Des Moines Concerning PILOT and Fleur Drive Maintenance

SUMMARY:

The City of Des Moines and Des Moines Water Works (DMWW) have a long history of cooperative agreements involving many issues including providing free water to the City; police and fire protection; utility assets in City owned rights of way; and billing/collection for city services. Prominent among these agreements are 1) Payment in Lieu of Taxes (PILOT) Agreement in which DMWW recognizes its role in the community to contribute towards Police and Fire protection, even though as a public entity it is legally exempt from property taxes, and 2) Billing and Collection Services Agreement in which DMWW bills Des Moines customers for water and several City managed enterprise funds (currently solid waste, sanitary sewer and stormwater fees).

Beginning in December 2014, the City of Des Moines' Corporation Counsel and Des Moines Water Works' CEO and General Manager met to discuss the expiration of a 28E Agreement between the City and DMWW concerning Fleur Drive Maintenance and impending expiration of the then existing PILOT agreement, within a separate 28E Agreement expiring January 2014.

Following two years of negotiations, the City and DMWW staff have reached recommended approaches codified in:

- 1) An Amendment to the existing Billing and Collection Services Agreement providing for a flat 1.76% billing services fee on billed amounts for sewer, stormwater, and solid waste through June 30, 2029; and
- 2) An Agreement between the City and DMWW for PILOT and Fleur Drive Maintenance expiring June 30, 2029.

Under both Agreements, either party may cancel their commitments with one year advance notice to the other party.

FISCAL IMPACT:

- \$800,000 PILOT payment on or about January 31, 2017, with subsequent year payments based upon 100% of Insured Property Values in the City of Des Moines at the police and fire millage rates.
- Revenue to DMWW for billing services approximating \$1.2 million for 2017.
- DMWW paying approximately \$250,000 in maintenance expense for Fleur Drive in 2017, and each year thereafter.

RECOMMENDED ACTION:

Recommend the Board approve and authorize the Chairperson and CEO and General Manager to execute the 1) Amendment to Chapter 28E Agreement between DMWW and the City of Des Moines for Billing and Collection Services and 2) Agreement between DMWW and the City of Des Moines for the Payment of PILOT Charges and Maintenance of Fleur Drive Medians and Availability of City Group Benefit Plans.

BOARD REQUIRED ACTION:

Motion to approve and authorize the Chairperson and CEO and General Manager to execute the 1) Amendment to Chapter 28E Agreement between DMWW and the City of Des Moines for Billing and Collection Services and 2) Agreement between DMWW and the City of Des Moines for the Payment of PILOT Charges and Maintenance of Fleur Drive Medians and Availability of City Group Benefit Plans.

_____ / _____ (date)	_____ / _____ (date)	_____ / _____ William G. Stowe (date) CEO and General Manager
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