

**MINUTES OF CALLED MEETING OF THE BOARD OF WATER WORKS TRUSTEES
HELD AT THE OFFICE OF THE DES MOINES WATER WORKS
PURSUANT TO NOTICE, TUESDAY,
November 27, 2018**

Present:

Board Members: Chairperson Ms. Susan R. Huppert, presiding; Mr. David A. Carlson, Mr. Graham Gillette, Ms. Diane Munns, Mr. Marc Wallace

Staff members: Bill Blubaugh, Patrick Bruner, Ted Corrigan, Brad Cowman, Kyle Danley, Tom Fontanini, Peggy Freese, Doug Garnett, Amy Kahler, Denny Jackson, Mike McCurnin, Jeanne Middleton, Dave Pollock, Jenny Puffer, Laura Sarcone, Bill Stowe, Michelle Watson, and Don West

Also in attendance: Rick Malm, legal counsel; Craig Robinson, Concordia Group

Ms. Huppert called the meeting to order at 3:30 p.m.

Consent Agenda –

A motion was made by Mr. Carlson, seconded by Mr. Gillette, to approve Consent Items A, B, C, D, and E (Approval of Minutes, October 22, 2018, Customer Relations Committee Meeting, Minutes, October 23, 2018, Board of Water Works Trustees Meeting, Minutes, November 6, 2018, Planning Committee Meeting, Minutes, November 6, 2018, Customer Relations Committee Meeting; Receipt and filing of the financial statements for audit purposes; Approval of Payments for October 2018; Approval of Summary of CEO-Approved Expenditures in Excess of \$20,000; and Approval of December 18, 2018, as the next meeting of the Board of Water Works Trustees). Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Public Comment Period – No public comments were received.

Proposed 2019 Budget –

Mr. Stowe made initial comments on the Proposed 2019 Budget. The budget for 2019 is based on an estimated total operating revenue of nearly \$68 million, with budgeted operating and maintenance expenditures of approximately \$46 million on operations, and capital expenditures budget of approximately \$22 million.

Chairperson Huppert opened a Public Hearing for comments from the public regarding the Proposed 2019 Budget. Receiving no oral or written comments, the Public Hearing was closed. A motion was made by Ms. Munns, and seconded by Mr. Carlson to approve the 2019 Des Moines Water Works budget as presented. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

2019 Water Treatment Chemicals –

The Board considered proposals for contract chemical purchases for 2019, as presented by Staff. It was noted that nearly all prices increased with an overall increase of approximately 10 percent.

A motion was made by Mr. Gillette, and seconded by Mr. Wallace to award 2019 contracts for water treatment chemical supplies to the recommended bidders as presented. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Acceptance of 2018 Des Moines Water Main Replacement – Contract 1

Mr. Stowe stated that the contractor has completed the work satisfactorily on this project.

A motion was made by Mr. Carlson, and seconded by Mr. Gillette, to accept 2018 Des Moines Water Main Replacement – Contract 1, completed by Holbrook Construction, Inc., in the amount of \$1,484,279.70. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Request Authorization to Solicit Bids for Saylorville Water Treatment Plant RO Unit No. 4 Installation and Establish the Date of the Public Hearing as the Date of the January 2019 Board Meeting

This project is for installation of a 4th reverse osmosis (RO) unit at the Saylorville Water Treatment Plant to provide an additional 1.7 million gallons per day of RO water for peak production as well as provide redundancy in RO flow during low production times.

A motion was made by Mr. Gillette, and seconded by Mr. Wallace, to authorize staff to solicit bids for Saylorville Water Treatment Plant RO Unit No. 4 Installation and establish the date of the Public Hearing as the date of the January 2019 Board meeting and direct staff to publish notice as provided by law. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Request Authorization to Reimburse the City of Des Moines for Water Main Relocations for 2019 Roadway Reconstruction Program

The City of Des Moines will be doing water main relocation work for DMWW in connection with its 2019 Roadway Reconstruction Program for which it seeks reimbursement in the estimated amount of \$968,746.00.

A motion was made by Mr. Carlson, and seconded by Mr. Gillette, to authorize staff to reimburse the City of Des Moines for Water Main Relocations for 2019 Roadway Reconstruction Program. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Proposed 2019 Schedule for Board of Water Works Trustees Meetings and Committee Meetings

A motion was made by Mr. Gillette, and seconded by Ms. Munns, to adopt the proposed 2019 schedules for the Board of Water Works Trustees and Committee meetings, as presented and attached to these minutes. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Board Committee Reports –

The following reports were provided:

- A Planning Committee Meeting was held on November 6, 2018. Mr. Carlson shared that a presentation was given to the planning committee on the history of the Des Moines Water Works arboretum.
- The Finance and Audit Committee Meeting was that was scheduled for November 13, 2018 was cancelled.
- A Customer Relations Committee was held on November 6, 2018. No additional comments.
- Greater Des Moines Botanical Garden – Mr. Gillette shared that the Botanical Garden has a revenue-generating contract with Des Moines Performing Arts to take care of Cowles Plaza.
- Des Moines Water Works Park Foundation Board - Mr. Wallace shared that the Park Foundation Board recently did judging on proposals and chose an artist to create a memorial to be constructed in the current park improvements area.
- Government Outreach Update – Ms. Sarcone shared that staff has finalized its legislative priorities, including local control of drinking water, empowering drainage districts, and a comprehensive review and update to the existing 30 year-old state water plan. A legislative breakfast is planned for February 28th.

Report of the Nomination Recommendations for Chair and Vice-Chair for 2019-2020

Ms. Susan Huppert and Mr. Marc Wallace, reported their recommendation that Ms. Diane Munns be nominated to serve as Chair and that they will communicate with the other Board members to determine who has interest in serving as Vice-Chair.

Mr. Wallace announced his resignation from the Board to be effective the end of January 2019.

CEO and General Manager's Comments – No comments

Adjournment –Meeting adjourned by unanimous consent.

3:56 p.m. adjourned

**BOARD OF WATER WORKS TRUSTEES
2019 MEETING SCHEDULE
3:30 P.M.**

January 22, 2019

February 26, 2019

March 26, 2019

April 23, 2019

May 28, 2019

June 25, 2019

July 23, 2019

August 27, 2019

September 24, 2019

October 22, 2019

November 26, 2019

December 17, 2019
(Third Tuesday)

**BOARD OF WATER WORKS TRUSTEES
2019 COMMITTEE MEETING SCHEDULE
3:30 P.M.**

Planning Committee (First Tuesday)	Customer Relations Committee (First Tuesday, immediately following Planning Committee Meeting)	Finance & Audit Committee (Second Tuesday)
January 8 (second Tuesday)	January 8 (second Tuesday)	January 15
February 5	February 5	February 12
March 5	March 5	March 12
April 2	April 2	April 9
May 7	May 7	May 14
June 4	June 4	June 11
July 2	July 2	July 9
August 6	August 6	August 13
September 3	September 3	September 10
October 1	October 1	October 8
November 5	November 5	November 12
December 3	December 3	December 10

**DMWW BOARD / CENTRAL IOWA
REGIONAL WATER EXECUTIVE COMMITTEE
MINUTES OF JOINT MEETING**

Tuesday, November 27, 2018

4:00 p.m.

Present:

Board Members: Chairperson Ms. Susan R. Huppert, Mr. David A. Carlson, Mr. Graham Gillette, Ms. Diane Munns, Mr. Marc Wallace

Central Iowa

Regional Water

Executive Committee: City of Ankeny – Mayor Gary Lorenz; City Manager David Jones
City of Des Moines – Mayor Frank Cownie
City of Urbandale – Mayor Bob Andeweg; A.J. Johnson, City Manager
Urbandale Water Works – John McCune, Board Chair; Dale Acheson, staff
West Des Moines Water Works – Jody Smith, Board Member

Also in attendance: City of Altoona – City Councilmember Vern Willey
City of Clive – City Manager Matt McQuillan
City of Johnston – City Manager Jim Sanders
City of Pleasant Hill – Len Murray
City of Waukee – City Administrator Tim Moerman
Warren Rural Water – Stan Ripperger, staff
Xenia Rural Water – Gary Benjamin, staff

Members of the public were also in attendance.

At 4:01 p.m., Ms. Huppert and Mayor Gaer called the meeting to order.

1. Public Comment – No public comments received.
2. Summary of Recent DMWW Action in Support of Regionalization – Ms. Huppert shared the Board of Water Works Trustees statement in support of regionalization that was adopted at their October Board meeting as follows:

The Board of Water Works Trustees of the City of Des Moines supports the continued pursuit of regional governance of water production in Central Iowa. While Des Moines Water Works currently acts as the primary regional producer of water, we believe current and future challenges for producing water could be better met through expanded representation and involvement in decision-making, rate-setting, and capital planning, and by more equitably sharing costs and spreading the assumption of risk among the people and governments of the region. While an acceptable model for expanded regional governance of and participation in water production in Central Iowa has yet to be developed, the Board of Water Works Trustees remains committed to working with all parties interested in exploring ways to increase participation and representation in the governance of water production.

3. Open Discussion – Mayor Gaer stated his concerns with timing, ownership of assets, and concession on rates.

Mayor Lorenz reiterated the concern for concession on equitable costs for the region and stated the communities need further indication on where DMWW and others will “meet” for equitable benefits for the region.

Mr. Graham Gillette shared his thoughts on the high hurdle of transfer of assets. While we need to continue exploration of transfer of assets, he presented a framework for communities to have opportunity for water rate setting, water infrastructure upgrades and economic development assurance quicker than can be achieved by pursuit of regionalization based on a transfer of asset model. The first step is to form an agreement – provide cities active participation in the governance of regional water protection. The agreement would create a new regional water authority (“Authority”) with members appointed by all parties to the agreement. The Authority would review and approve all matters of wholesale water production, including approving water production expenses and revenues. DMWW would be required to gain approval from Authority for regional water rates, expenditures, and related budgetary matters. DMWW would be required to inform and include the Authority in setting the vision for water production, planning for growth, and maintaining regional water production assets. DMWW would need the approval of the Authority on all matters of regional water production. A mechanism for resolving an impasse, should the Authority reject any DMWW plan or proposal, will also need to be contemplated. The agreement does not end exploration of asset transfer or other models for regional cooperation and governance. The agreement does provide an immediate path to governance and oversight. The proposed agreement seeks a fair path to regional governance of water production without transferring assets day one, changing state law, or altering the structure of any current government entity.

Mayor Cownie noted that Mr. Gillette’s idea is a path to get everyone at the table quicker in order to ensure quantity, quality, fair rates, and redundancy.

Ms. Diane Munns noted that Mr. Gillette’s framework works off regional planning for current facilities and future facilities that may be needed.

Mr. Bill Stowe stated West Des Moines Water Works building a new treatment plant with Waukee and Van Meter is in direct opposition to Des Moines Water Works’ interests and threatens the current water treatment facility nearby (McMullen). It is also in opposition of regional management. Mr. Stowe said that for the second time, the Board of Trustees is looking at monetizing assets (first being the Black & Veatch report) and expanding Board representation. He stated that the question of equitable benefits for communities is a negotiation issue.

Mayor Gear reiterated that we need assurance on water quantity, quality and rates now.

Mr. Gillette stated that is more than just about the price of water, but water resource management as a region.

Mr. Stowe suggested that next steps should include professional facilitation.

Mr. Marc Wallace requested a similar statement of support from other communities, and stated that we do need to work regionally, not just because of water price.

Mayor Andeweg noted there are a lot details that would still need be addressed before Mr. Gillette's idea of a new Authority would be agreed upon.

Mr. Dale Acheson stated issues on the legality of Mr. Gillette's proposed Authority framework on setting rates and issuing water bonds on behalf of Des Moines Water Works facilities.

Mayor Lorenz questioned the completely different direction of Mr. Gillette's proposed Authority model from the 18-months of work provided by the facilitator.

Mr. Gillette said it is not a different direction, but a stepping stone or interim step to pursue further options and give communities more of what they want quicker.

Mr. Rick Malm stated an interim step may be appropriate while a plan for bond defeasement is completed. Mr. Malm also noted computing water rates based on a consultant's report for a hypothetical plant is not appropriate. DMWW's costs are known. The costs of a hypothetical WDMWW/Waukee treatment plant are not known.

Mr. Tim Moerman stated that if we don't continue transfer of asset discussions, we will continue to kick the can down the road. We need suggestions or options on where the "sweet spot" communities can meet in the middle for equitable benefit.

Mayor Andeweg suggested to DMWW to "add more meat on the bones" to Mr. Gillette's proposed Authority structure. Communities need to be convinced this is a better option.

Ms. Huppert stated the next step will include a professional facilitator with a smaller group of communities. DMWW will work on options/framework and will present to Exec Committee for discussion and then to all regional communities.

Mr. Jody Smith thanked Board of Trustees for understanding the issue of equitable benefits for the region. We've all been through the WRA process, and we can get through this. West Des Moines is willing to listen, but does not want to be in a predicament where construction plans for new treatment plant are put on hold and then prices increase while waiting for regionalization.

4. Adjournment – Meeting ended at 5:25 p.m.

**MINUTES OF MEETING OF PLANNING COMMITTEE
OF THE BOARD OF WATER WORKS TRUSTEES
HELD AT THE OFFICE OF DES MOINES WATER WORKS
PURSUANT TO NOTICE**

Tuesday, December 4, 2018

3:30 p.m.

Present:

Board Members: Mr. David Carlson, Ms. Diane Munns, and Mr. Marc Wallace

Staff Members: Ted Corrigan, Kyle Danley, Peggy Freese, Amy Kahler, Mike McCurnin,
Jeff Mitchell, Jennifer Puffer, Laura Sarcone, Bill Stowe, and Michelle
Watson

Also in attendance: Andy Bates (LS2 Group), Craig Robinson (Concordia Public Affairs)

1. 2018 Denitrification Experience –

Mr. Mitchell, Laboratory Supervisor, gave a presentation on DMWW's use of the nitrate removal facility in 2018. Factors that reduced DMWW's need to use the nitrate removal facility included other investments (treatment plants, and raw and finished water sources), raw water blends remaining below 10 mg/L, and customer demand. Water sources, landscape, and precipitation (when, where and how) all impact raw water nitrate concentrations.

2. CEO and General Manager's Comments – No comment from Mr. Stowe.

3. Public Comments – No comments from the public.

Meeting adjourned at 4:09 p.m.

**MINTUES OF MEETING OF CUSTOMER RELATIONS COMMITTEE
OF THE BOARD OF WATER WORKS TRUSTEES
HELD AT THE OFFICE OF DES MOINES WATER WORKS
PURSUANT TO NOTICE**

Tuesday, December 4, 2018

Immediately following the 3:30 p.m. Planning Committee Meeting

Present:

Board Members: Mr. David Carlson, Mr. Graham Gillette, Ms. Susan Huppert, Ms. Diane Munns, Mr. Marc Wallace

Staff Members: Ted Corrigan, Kyle Danley, Peggy Freese, Amy Kahler, Mike McCurnin, Jeff Mitchell, Jennifer Puffer, Laura Sarcone, Bill Stowe and Michelle Watson

Also in attendance: Andy Bates (LS2 Group), Craig Robinson (Concordia Group)

Meeting called to order at 4:09 p.m.

1. Regionalization Review Discussions

Mr. Gillette shared that the suggested outcome from November 27th Joint Meeting with the Central Iowa Regional Water Executive Committee was to work with Ankeny, WDM, Urbandale and possibly others to determine the next steps going forward. Ms. Munns and Ms. Huppert had met with John McCune (Urbandale Water Works) and Jody Smith (West Des Moines Water Works) after the joint meeting. Ownership is important to those water utilities. Ms. Munns recommended a smaller group be convened to build a framework. It is understood that timing is an issue particularly for the City of West Des Moines and West Des Moines Water Works.

Discussion continued concerning issues of asset ownership and governance.

2. CEO and General Manger's Comments –

The steel should be arriving within two weeks for the canopy over the amphitheater in the Water Works Park improvements. Grounds Staff will be removing rail fencing in the front of the General Office building and bringing in landscape rocks to serve as an alternate barrier in the next few weeks.

3. Public Comments – No comments from the public.

Meeting adjourned at 4:42 p.m.