

**JOINT
DES MOINES CITY COUNCIL AND
BOARD OF WATER WORKS TRUSTEES MEETING
PURSUANT TO NOTICE
Tuesday, February 26, 2018
7:30 a.m.**

Present:

Board Members: Chairperson Ms. Susan R. Huppert; Mr. Graham R. Gillette, and Ms. Diane Munns

Des Moines City Council Members: Mayor T. M. Frank Cownie; Ms. Connie Boesen; Mr. Christopher Coleman; Mr. Joe Gatto; Mr. Bill Gray; Mr. Josh Mandelbaum; Ms. Linda Westergaard

Staff Members: Ted Corrigan, Peggy Freese, Amy Kahler, Mike McCurnin, Laura Sarcone, Bill Stowe, and Michelle Watson

Also in attendance: MacKenzie Elder, Des Moines Register; Rick Malm, legal counsel; Craig Robinson, Concordia Group; Diana Wilson, West Des Moines Water Works

7:30am – call to order

1. Public Comments – No comments from the public.
2. Status Report on Regional Drinking Water Discussions – Mr. Stowe explained projected future regional demand for water as determined by the DMWW 2040 Long Range Plan.

Mayor Cownie and Chairperson Huppert reported on the status of current and future regionalization efforts.

A discussion of Regional Drinking issues followed, which included the following:

Mr. Coleman requested that data be provided on recent statements that Des Moines customers could experience a 2-to-3-time rate increase if suburbs branch off individually.

At Mr. Mandelbaum's request the status of current contracts/agreements with wholesale and full-service customers was explained.

Mr. Gatto inquired about current asset ownership. Are Des Moines ratepayers the owners? The ownership of DMWW assets was discussed and explained.

Mr. Coleman emphasized the importance of avoiding vague language used with regard to ownership of assets.

Mr. Sanders stated that cost increases are not only due to demand, but also changes in regulatory requirements.

Mr. Stowe and Mr. Gillette discussed existing purchase capacity agreements with the suburbs and how they affect the position of the suburbs.

Mr. Stowe emphasized the complexity of asset valuation, ratemaking, and governance, and noted the concerns of the suburbs that they do not currently have representation in DMWW governance.

Mr. Coleman expressed concern with deferred maintenance of the distribution system.

Mr. Gatto questioned the timing of asset transfer by the suburbs.

Mr. Gillette expressed that the next phase of regionalization workgroup efforts must include financial information for valuation of assets.

Ms. Boesen raised issues concerning governance and structure of a proposed regional entity.

Mr. Stowe stated that the independent water boards would continue to exist. The regional entity would essentially be a board governing water production with representation from a number of communities. They may have cross-representation on independent and regional boards.

Mr. Stowe addressed maintenance and rate increases. Suburbs do not pay for maintenance of Des Moines' distribution system, but do pay for production and transmission. Our future budgets include a commitment of \$5M annually for retail distribution system improvements.

Mr. Mandelbaum requested information on anticipated costs for distribution system maintenance in Des Moines, existing obligations for water production, and a comparison if rates are spread over 500,000-member customer base versus the total service agreement customer base. He would also like to know anticipated growth per individual community.

Mr. Gatto asked for information on the cost of building a new production facility as opposed to expanding a current facility.

Mr. Sanders asked about the status of the draft Memorandum of Understanding (MOU). Ms. Huppert stated that the Board has returned its MOU edits to the workgroup with the exception of the section on asset transfer and valuation. City Council input is invited and welcome.

Mr. Coleman asked for clarification on the timing of drafting a 28E agreement for regional production.

It was stated that the Board's next step is to enter into an agreement for next phase of work with FCS Group to continue the regionalization workgroup.

Mayor Cownie asked the City Council members to prepare their concerns, and share them with the Board, in order to define what needs to be clarified and given to the FCS Group consultant.

3. Adjournment

Meeting adjourned at 9:03 a.m.

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

Present:

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

Staff members: Ted Corrigan, Peggy Freese, Doug Garnett, Amy Kahler, Dan Klopfer, Mike McCurnin, Bill Stowe, Michelle Watson

Also in attendance: Rick Malm, legal counsel; Craig Robinson, Concordia Group; Sam Carrell, Des Moines Water Works Park Foundation; Stephanie Jutila, Greater Des Moines Botanical Garden

Ms. Huppert called the meeting to order at 3:35 p.m.

Consent Agenda –

A motion was made by Mr. Gillette, seconded by Mr. Wallace to approve Consent Items A, B, C, D, and E (Approval of Minutes, January 23, 2018, Board of Water Works Trustees Meeting, Minutes, February 2, 2018, Board of Water Works Trustees Meeting, and Minutes, February 6, 2018, Planning Committee Meeting; Receipt and filing of the financial statements for audit purposes; Approval of Payments for January 2018; Approval of Summary of CEO-Approved Expenditures in Excess of \$20,000; and Approval of March 27, 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.

Request Authorization to Solicit Bids for Phase 1 Park Improvements and Establish the Date of the Public Hearing as the Date of the April 2018 Board Meeting –

A motion was made by Ms. Munns, and seconded by Mr. Wallace to authorize staff to solicit bids for Phase 1 Park Improvements and Establish the Date of the Public Hearing as the Date of the April 2018 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 Solicit Bids for 2018 Des Moines Water Main Replacements – Contract 1 and Establish the Date of the Public Hearing as the Date of the April 2018 Board Meeting –

A motion was made by Mr. Gillette, and seconded by Mr. Wallace, to authorize staff to solicit bids for 2018 Des Moines Water Main Replacements – Contract 1, to establish the Date of the Public Hearing as the Date of the April 2018 Board Meeting, and to 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 Solicit Bids for 2018 Des Moines Water Main Replacements – Contract 2 and Establish the Date of the Public Hearing as the Date of the April 2018 Board Meeting –

Mr. Stowe explained a change to the proposed project whereby the work located on SW 14th Street (Johnson Street to Army Post Road) was moved from the Base Bid to be an additional alternate bid.

A motion was made by Ms. Munns, and seconded by Mr. Gillette, to authorize staff to solicit bids for 2018 Des Moines Water Main Replacements – Contract 2, as revised, to establish the Date of the Public Hearing as the Date of the April 2018 Board Meeting, and to 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 Solicit Bids for 2018 Polk County Water Main Replacements – Contract 1 and Establish the Date of the Public Hearing as the Date of the April 2018 Board Meeting -

A motion was made by Mr. Gillette, and seconded by Ms. Munns, to authorize staff to solicit bids for 2018 Polk County Water Main Replacements – Contract 1, to establish the Date of the Public Hearing as the Date of the April 2018 Board Meeting, and to 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 Lower Oak Park and Highland Park Sewer Separation – Phase 2 -

A motion was made by Mr. Wallace, and seconded by Mr. Gillette, to authorize staff to reimburse the City of Des Moines for Water Main Relocations for Lower Oak Park and Highland Park Sewer Separation – Phase 2 in the amount of \$213,550. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Joint Maffitt Lake Park Feeder Main -

A Public Hearing was opened by Chairperson Huppert for comments from the public regarding the form of contract, plans and specifications, and estimated cost for the Joint Maffitt Lake Park Feeder Main project. Receiving no oral or written comments, the Public Hearing was closed. Finding that no facility of the kind to be constructed is available for rent or sharing from another agency for this infrastructure, a motion was made by Mr. Gillett for adoption of the form of contract, plans and specifications, and estimated cost for the Project. The motion was seconded

by Mr. Wallace. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

After an analysis of the bids received was presented and considered, a motion was made by Ms. Munns, and seconded by Mr. Gillette, to award the Joint Maffitt Lake Park Feeder Main contract for Base Bid A to On Track Construction, LLC, in the amount of \$1,332,332.00, and authorize the Chairperson and CEO and General Manager to execute the contract. 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 February 6, 2018. Mr. Wallace shared that Vern Rash presented on the Saylorville Treatment Plant Well Rehabilitation project.
- No report from staff on Greater Des Moines Botanical Garden. Ms. Stephanie Jutila will do post-board meeting presentation following the Board meeting.
- At the request of Mr. Wallace, Sam Carrell provided an update on the Des Moines Water Works Park Foundation.
- Ms. Sarcone provided a Legislative Update by reference to the memo in the board materials packet.

CEO and General Manager's Comments –

Mr. Stowe stated that cold weather this winter caused a high number of main breaks. As the weather is changing, organic materials and ammonia are causing water quality concerns that water production is dealing with. He also stated that we are experiencing higher-than-normal demand for this time of year.

Mr. Stowe provided a summary of the Joint City Council and Board of Trustees meeting that was held on Monday, February 26, 2018.

Other Comments – None.

Adjournment –Meeting adjourned by unanimous consent.

Meeting ended at 5:34 p.m.

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

Tuesday, March 6, 2018

3:30 p.m.

Present:

Board Members: Mr. David Carlson, Mr. Marc Wallace

Staff Members: Jessica Barnett, Chuck Christiansen, Amy Kahler, Laura Sarcone, Bill Stowe, and Michelle Watson

1. 30th Street Sports Field RFP – Mr. Christiansen explained a Request for Proposal that will be out to the public later this week, allowing approximately two weeks to receive proposals for the use and maintenance of the 30th Street Sports Field.
2. CEO and General Manager’s Comments – Mr. Stowe indicated we are hearing back from memorial tree program participants. Ms. Barnett stated that interactions with the public have been mostly positive. Plans and specs for the Phase 1 Park Improvements have been finalized and should be on the street for bidders today.

Mr. Stowe stated that the current state of the Raccoon River water quality is poor and our reliance is currently on the Des Moines River.

The FCS Group agreement for Phase 2 of the Regional Water Production Workshops is still being negotiated.

Mr. Wallace reported that the Water Works Park Foundation is questioning camping for events and concerts. Mr. Stowe reminded the committee members and staff in attendance that events need to be well-coordinated to avoid scheduling conflicts.

3. Public Comments – No comments from the public.

Meeting adjourned at 3:58 p.m.

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

Wednesday, March 21, 2018

3:30 pm

Present:

Board Members: Mr. Graham Gillette, Ms. Susan Huppert, Ms. Diane Munns

Staff Members: Peggy Freese, Amy Kahler, Mike McCurnin, Doug Oscarson, Bill Stowe,
and Michelle Watson

Also in attendance: Craig Robinson, Concordia Public Affairs

1. FCS Contract and Regionalization Review Discussion – Mr. Stowe presented a proposed renewal and extension of the FCS Contract. He explained that the renewal and extension of the FCS contract is a \$200,000 obligation, which will be shared with West Des Moines Water Works and Urbandale Water Utility, to continue FCS support of regionalization activities.

Mr. Gillette and Ms. Munns raised concerns about the scope of the proposed renewal agreement. Mr. Stowe shared that the uncertainty of regionalization has an adverse impact on DMWW's budgeting and 5-year Capital Improvement Plans. Mr. Gillette and Ms. Munns will email questions about the scope of the agreement to Ms. Huppert who will forward to Mr. Jason Munns with FCS Group.

2. CEO's Comments – No comments from Mr. Stowe.
3. Public Comments – No comments from the public.

Meeting adjourned at 4:29 p.m.

**FINANCE AND AUDIT COMMITTEE
OF THE BOARD OF WATER WORKS TRUSTEES
HELD AT THE OFFICE OF DES MOINES WATER WORKS
PURSUANT TO NOTICE**

Wednesday, March 21, 2018

Immediately following the 3:30 p.m. Customer Relations Committee Meeting

Present:

Board Members: Mr. Graham Gillette, Ms. Susan Huppert, Ms. Diane Munns

Staff Members: Peggy Freese, Amy Kahler, Mike McCurnin, Doug Oscarson, Bill Stowe,
and Michelle Watson

Also in attendance: Craig Robinson, Concordia Public Affairs

Meeting called to order at 4:29 p.m.

1. Energy Management – ISO 50001 Certification – Mr. Oscarson presented a report on DMWW’s ISO 50001 Certification. He shared the history of energy sources used by DMWW and explained the utility’s energy policy and energy management program, which has reduced DMWW’s energy use. This has had both environmental benefits and net economic benefit to DMWW.

2. Cost of Service (COS) Review Update – Ms. Freese gave an update on the status of the cost of service (COS) review for the utility conducted by outside consultant Rafetelis. Raftelis has recommended changing from a “historical cost” COS model to a “revenue requirements” COS model. Currently, DMWW compiles the COS using historic financial data from the prior year. The model Raftelis is developing will include a component for multi-year financial planning and rate projection. In addition to the development of a COS model, Raftelis will provide recommendations regarding our wholesale rate structure.

3. CEO’s Comments – No comments from Mr. Stowe.

4. Public Comments – No comments from the public.

Meeting adjourned at 5:15 p.m.