

**CALLED MEETING OF THE BOARD OF WATER WORKS TRUSTEES
HELD AT THE OFFICE OF THE DES MOINES WATER WORKS
PURSUANT TO NOTICE, TUESDAY,
February 28, 2017**

Present: Chairperson Leslie A. Gearhart, presiding; Mr. Graham R. Gillette, Ms. Susan R. Huppert, and Mr. Marc R. Wallace. Staff members attending were: Bill Blubaugh, Pat Bruner, Doug Garnett, Donna Heckman, Amy Kahler, Webster Kranto, Dan Klopfer, Mike McCurnin, Laura Sarcone, Bill Stowe, Bryant Stump, and Jennifer Terry. Also in attendance Rick Malm and John Lande, legal counsel.

Ms. Gearhart called the meeting to order at 3:35 p.m. Ms. Gearhart thanked staff for their continued work and commitment to Des Moines Water Works even while proposed legislation to dismantle the Board is being considered by the Iowa Legislature.

Consent Agenda – A motion was made by Mr. Gillette, seconded by Ms. Huppert, to approve Consent Items A, B, C, D, and E (approval of the minutes, January 24, 2017, Board of Water Works Trustees meeting; minutes, February 14, 2017, Finance and Audit Committee meeting; minutes, February 21, 2017, Planning Committee meeting; filing of the financial statements for audit purposes; approval of payments for January 2017; summary of CEO-Approved Expenditures in Excess of \$20,000; and approval of March 28, 2017, as the next meeting of the Board of Water Works Trustees). Mr. Stowe called out payment of \$800,000 to the City of Des Moines for Payment in Lieu of Taxes. Mr. Stowe requested that the Board consider a Special Board Meeting on Tuesday, March 7. Upon vote, the motion was adopted, each member of the Board, who is identified above as present, voting in favor of the motion.

Public Comment Period – No comments presented.

Cost of Service Consultant – Mr. Stowe stated staff discussed the recent Request for Proposals for a Cost of Service consultant at the Finance and Audit Committee. Staff is recommending Raftelis, as a third party consultant to review of the Cost of Service study instrument used by the Water Works. As part of the process, the consultant will meeting with wholesale customers. A motion was made by Ms. Huppert, seconded by Mr. Gillette, to authorize staff to execute Professional Services Agreement with Raftelis Financial Consultants in the amount of \$149,880 for review of the cost of service study. Upon vote, the motion was adopted, each member of the Board, who is identified above as present, voting in favor of the motion.

Approve Transfer of Distribution Assets Serving Polk County Rural Water District No. 1 to Des Moines Water Works – Mr. Stowe noted Polk County Rural Water District No. 1 has been a Des Moines Water Works Total Service customer since January 2013. The Board of the Rural Water District now wishes to dissolve and transfer the assets of the district to Des Moines Water Works to serve the affected customers. The transfer will include funds to be used for capital needs. A motion was made by Mr. Gillette, seconded by Ms. Huppert, to (1) approve and accept the

transfer by quit claim deed of water utility rights and assets from the Polk County Rural Water District No. 1; (2) approve termination of the existing Total Service 28E and agree to mutual release from obligations as stated within; and (3) authorize the Chairperson and CEO and General Manager to execute documents and agreements reflecting the foregoing. 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 2017 Des Moines Water System Improvements – Contract 2 and Establish the Date of the Public Hearing as the Date of the March 2017 Board Meeting – Mr. Stowe stated staff is seeking authorization to solicit bids for the second contract of the 2017 Des Moines water system improvement plan. The engineer's estimate, with alternatives is \$1.34 million. A motion was made by Mr. Gillette, seconded by Ms. Huppert, to authorize staff to solicit bids for 2017 Des Moines Water System Improvements – Contract 2 and establish the date of Public Hearing as the date of the March 2017 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 Issue a Request for Proposal for Nitrate Removal Facility Expansion Project –

Mr. Stowe noted this is a very important step in addressing source water quality, specifically nitrate. Consultant CH2MHill's report recommended a number of improvements in order to meet customer demand in view of rising nitrate concentration in our source waters. The estimated cost for consulting services is \$1.2 million. The estimated construction cost for expansion of the Nitrate Removal Facility is \$15,080,000, which will be included in future work plan budgets. Mr. Stowe noted that Staff is also moving forward with the design of a connection to the WRA sanitary sewer for the nitrate removal regeneration. A motion was made by Mr. Gillette, seconded by Mr. Wallace, to authorize staff to solicit proposals from engineering consulting firms for the Nitrate Removal Facility Expansion Project. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

2017 Des Moines Water System Improvements – Contract 1 – A Public Hearing was opened by Chairperson Gearhart for comments from the public regarding 2107 Des Moines Water System Improvements – Contract 1. No oral or written public comments were received. The Public Hearing was closed. A motion was made by Ms. Huppert, and seconded by Mr. Gillette for adoption of form of contract, plans and specifications, and estimated cost. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion. Mr. Stowe reviewed the bids from the four responsive bidders. The engineer's estimate for the base contract and alternate bid was \$1,400,000. Staff is recommending J&K Contracting for the base bid plus the alternative bid. A motion was made by Mr. Gillette, and seconded by Mr. Carlson to award the 2017 Des Moines Water System Improvements – Contract 1 to J&K Contracting, LLC, in the amount of \$1,354,354.54. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Crystal Lake Intakes and Pumping Station Preliminary Design Report – Mr. Stowe noted Crystal Lake is an important component of Des Moines Water Works’ source water strategy. In 2001, staff installed a temporary system, and, staff is now seeking to obtain a preliminary design of a permanent river intake, lake intake, and pump station. Mr. Stowe stated this design report will likely lead to a larger contract to move forward with the project. A motion was made by Mr. Gillette, seconded by Mr. Wallace, to authorize staff to execute a Professional Services Agreement with Black & Veatch Corporation, in the amount of \$79,615, for a Crystal Lake Intakes and Pumping Station Preliminary Design Report. 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:

- Mr. Wallace reported the Planning Committee met on February 21, 2017, and discussed Crystal Lake Pump Station and water main replacement program.
- Ms. Huppert reported the Finance and Audit Committee met on February 14, 2017, and reviewed the Cost of Service consultant selection.

Ms. Gearhart confirmed the continued appointments of Ms. Huppert, as Chair of the Finance and Audit Committee and Mr. Carlson, as Chair of the Planning Committee.

- Ms. Gearhart provided a brief report on the Greater Des Moines Botanical Garden.
- Mr. Wallace reported on the Des Moines Water Works Park Foundation, noting concern with proposed legislation House File 316 that could undermine the efforts of the Park Foundation.
- Ms. Terry provided a Legislative Update, noting there has been two water quality bills introduced and that we will be working with legislators for specific additions. Ms. Terry provided details of House File 316, noting the bill passed out of the Iowa House Agriculture Subcommittee, with an amended version of the bill, which has not published yet. Staff and contract lobbyist team continues to work at the Capitol on stopping the proposed legislation.

CEO and General Manager’s Comments –

- Mr. Stowe remarked on House File 316, noting a lot of legislative efforts have been put into this retaliation legislation, with little time and resources on actual water quality legislation. Mr. Stowe stated DMWW employees will continue to produce water and meet customer needs.

Ms. Gearhart noted the Contract Status Spreadsheet, January 2017 Lien Certification and Reversals, and Environmental Outreach Summary materials in the Board’s packet.

Special Board Meeting – A motion was made by Mr. Wallace and seconded by Ms. Huppert to schedule a special meeting of the Board of Water Works Trustees of the City of Des Moines on Tuesday, March 7, 3:30 p.m., and direct staff to publish the agenda 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.

Closed Session – At 4:18 p.m., Mr. Wallace made a motion, seconded by Mr. Gillette, for the Board to go into closed session, pursuant to Section 21.5(1)(c), Code of Iowa, to discuss litigation strategy with counsel in the pending federal and state cases concerning nitrate pollution, likely litigation should legislative action be taken against Des Moines Water Works interests, regional interests which may implicate litigation, and the lime residual removal conviction. Each of these litigation related topics should be discussed in closed session to avoid disclosure likely to prejudice or disadvantage the position of the Des Moines Water Works. A roll call vote was conducted. Ms. Leslie Gearhart, Mr. Graham Gillette, Ms. Susan Huppert, and Mr. Marc Wallace each voted “Aye.” A closed session was then conducted. The Closed Session ended at approximately 6:13 p.m.

The Board returned to open session. No action was taken as a result of the closed session.

Adjournment – Adjourn by unanimous consent. Meeting adjourned at 6:14 p.m.

**CALLED MEETING OF THE BOARD OF WATER WORKS TRUSTEES
HELD AT THE OFFICE OF THE DES MOINES WATER WORKS
PURSUANT TO NOTICE, TUESDAY,
March 7, 2017**

Present: Chairperson Leslie A. Gearhart, presiding; Mr. Graham R. Gillette, Ms. Susan R. Huppert, and Mr. Marc R. Wallace. Staff members attending were: Pat Bruner, Doug Garnett, Amy Kahler, Webster Kranto, George Lawrence, Mike McCurnin, Jeanne Middleton, Dave Pollock, Jenny Puffer, Laura Sarcone, Bill Stowe, and Michelle Watson. Also in attendance Rick Malm and John Lande, legal counsel

Ms. Gearhart called the meeting to order at 3:36 p.m.

Public Comment Period – No comments presented.

Des Moines Water Works Regional Activities – Ms. Kahler provided background on the Central Iowa Regional Drinking Water Commission (CIRDWC) – a 22-member commission of metro area water utilities, formed by a 28E Agreement, with the primary objective of collaborative planning for water in the Des Moines metro. DMWW has a long history of regional activities, which goes back to its provision of wholesale water to Urbandale, DMWW's since 1934, and CIRDWC is an outgrowth of that history. DMWW now has the privilege of providing water to 500,000 customers of central Iowa. In recent years, CIRDWC has been focused on more formal means of regionalization. With more of DMWW's water consumption being outside of Des Moines, CIRDWC commissioned Black & Veatch to study regionalization. The study was completed in 2014. The study focused on water production regionalization. A majority of CIRDWC's members support regionalization. However, the asset valuation and cost of suburbs to "buy in" as set forth in the Black & Veatch final study have revealed the need for more discussion and analysis.

Mr. Corrigan noted a Technical Advisory Committee was formed out of the Black & Veatch study in order to plan for the region's water needs. The focus of the advisory committee was a Long Range Plan. Suburbs and water utilities provided population and demand projections for the Long Range Plan. DMWW staff is currently reviewing a draft of the Long Range Plan. A final report is expected this spring and will be shared with the Technical Advisory Committee.

Mr. Stowe commented on City of Des Moines' experience with the Water Reclamation Authority regional efforts. Mr. Stowe also mentioned DMWW's interest in partnering with Urbandale Water Utility on an eight million gallon day treatment plant proposed by Urbandale. Staff intends to move forward with due diligence on this, and will bring details back to the Board.

Mr. Stowe commented on House File 484 and its companion bill in the Senate. He has been discussing alternatives and amendments to the legislation. Mr. Stowe thanked Ms. Gearhart and

Mr. Wallace for speaking at the House Agriculture Committee's Public Hearing. Ms. Huppert and Ms. Gearhart also thanked staff for the utility's long history of regional efforts.

Adjournment – Adjourn by unanimous consent. Meeting adjourned at 4:19 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**

Tuesday, March 14, 2017
3:30 p.m.

Present:

Board Members: Susan Huppert

Staff Members: Ted Corrigan, Peggy Freese, Donna Heckman, Dan Klopfer, Bill Stowe,
Michelle Watson

1. Workers' Compensation Summary – Mr. Stowe noted Des Moines Water Works has finished its third year of being self-insured entity for workers' compensation liabilities. Staff has worked hard to promote safety of our employees which has kept workers compensation incidents low. Ms. Freese noted DMWW uses a third party administrator, Cottingham & Butler, to assist in paying claims. A Self-Insured Retention (SRI) policy is in place for any claims over \$500,000. No claims on SRI coverage have been made in the past three years. Claims are trending downward. DMWW's total cost in 2016 (\$319,687) was lower than it had been in the past, and was also slightly lower than what was budgeted. It is staff's goal to lower the number of claims, and ultimately lower out of pocket costs. Ms. Huppert inquired about HIPAA protected information. Mr. Stowe noted that staff respects HIPAA requirements for protected information.
2. Capital Improvement Plan Timeline – Mr. Klopfer noted the utility's first Long Range Plan (LRP) was completed in 1987, and encompassed water treatment and operations and distribution. In 2007, an expanded LRP was completed by DMWW staff, written to cover planning until 2020. DMWW's current LRP began with Disinfection Bi-Product (DBP) Compliance Plan and Nitrate Management Plan. The effort for a 2040 LRP began in March 2016 and includes retention of an outside consultant. The Central Iowa Drinking Water Commission (CIRDWC) Technical Advisory Committee has assisted with service area, population and demand projections. The Cities of Ankeny and Polk City and DMWW have developed a joint master plan. The 2040 LRP will include source water, treatment and distribution to meet needs identified by the CIRDWC Technical Committee and will incorporate all the above mentioned components. DMWW staff received a draft LRP report in February from the consultant of nearly 600 page covering several hundred projects, and is currently reviewing it. Staff has set a goal of completing the final plan by April 15. Upon completion of the final LRP, staff can proceed to update the 2017-2021 Capital Improvement Plan (CIP), with a goal to present to the Finance and Audit Committee on June 13, and the full Board on June 27, and to begin the budget process for 2018. Ms. Huppert commented that the DBP and Nitrate Management Plans were necessary for meeting safe drinking water standards and appreciates the utility's long history of planning efforts in order to meet customer demand and safe drinking water standards.
3. CEO's Comments – Mr. Stowe discussed House File 484 has been placed on the debate schedule, but it is unknown when it will officially be discussed and voted on. Mr. Stowe thanked Mr. Corrigan and staff for their recent presence at the Capital.

4. Public Comments – None.

Meeting adjourned at 4:05 p.m.

**CALLED MEETING OF THE BOARD OF WATER WORKS TRUSTEES
HELD AT THE OFFICE OF THE DES MOINES WATER WORKS
PURSUANT TO NOTICE, TUESDAY,
March 21, 2017**

Present: Chairperson Leslie A. Gearhart, presiding; Mr. David A. Carlson, Mr. Graham R. Gillette, Ms. Susan R. Huppert, and Mr. Marc R. Wallace. Staff members attending were: Pat Bruner, Amy Kahler, Webster Kranto, Laura Sarcone, Bill Stowe and Jennifer Terry. Also in attendance Rick Malm, legal counsel, and Perry Beeman.

Ms. Gearhart called the meeting to order at 3:34 p.m.

Public Comment Period – No comments presented.

Closed Session – At 3:37 p.m., Ms. Huppert made a motion, seconded by Mr. Carlson, for the Board to go into closed session, pursuant to Section 21.5(1)(c), Code of Iowa to discuss strategy with counsel following the federal district court ruling in the Clean Water litigation and the related state legislation involving dissolving Des Moines Water Works. Each of these topics should be discussed in closed session to avoid disclosure likely to prejudice or disadvantage the position of the Des Moines Water Works. A roll call vote was conducted. Mr. David Carlson, Ms. Leslie Gearhart, Mr. Graham Gillette, Ms. Susan Huppert, and Mr. Marc Wallace each voted “Aye.” A closed session was then conducted. The Closed Session ended at approximately 5:45 p.m. The Board returned to open session.

Any Action Resulting from Closed Session Discussions – No action taken as a result from Closed Session.

Appointment of Sue Huppert and Graham Gillette as DMWW Board Representatives to a Regionalization Review Committee – A motion was made by Mr. Carlson, seconded by Mr. Wallace, to appoint Sue Huppert and Graham Gillette as DMWW Board representatives to a Regionalization Review Committee. Mr. Stowe noted the several years of regional activity and discussions via Central Iowa Regional Drinking Water Commission, as well as the new Technical Advisory Committee. Mr. Stowe is recommending a new committee of the Board to review regional opportunities as they arise. Mr. Gillette noted this will be a committee that can be utilized by wholesale and suburban customers. This is to be an Ad-Hoc Committee, reporting back to the full Board. Upon vote, the motion was adopted, each member of the Board, who is identified above as present, voting in favor of the motion.

CEO and General Manager’s Comments – Mr. Stowe provided information and materials from Public Relations consultant, Concordia Group. Ms. Huppert complimented staff’s dedication.

Mr. Wallace left the meeting at 5:52 p.m.

Adjournment – Adjourn by unanimous consent. Meeting adjourned at 5:55 p.m.