

**CALLED MEETING OF THE BOARD OF WATER WORKS TRUSTEES
HELD AT THE OFFICE OF THE DES MOINES WATER WORKS
PURSUANT TO NOTICE, TUESDAY,
June 26, 2018**

Present:

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

Staff members: Patrick Bruner, Ted Corrigan, Kyle Danley, Peggy Freese, Amy Kahler, Dan Klopfer, Mike McCurnin, Laura Sarcone, Bill Stowe, Michelle Watson

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

Ms. Huppert called the meeting to order at 3:33 p.m.

Consent Agenda –

A motion was made by Mr. Wallace, seconded by Mr. Gillette, to approve Consent Items A, B, C, D, and E (Approval of Minutes, May 22, 2018, Board of Water Works Trustees Meeting, Minutes, June 5, 2018, Planning Committee Meeting, Minutes, June 5, 2018, Customer Relations Committee Meeting, Minutes, June 19, 2018, Finance & Audit Committee Meeting; Receipt and filing of the financial statements for audit purposes; Approval of Payments for May 2018; Approval of Summary of CEO-Approved Expenditures in Excess of \$20,000; and Approval of July 24, 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.

2017 Audit Reports -

DMWW's audit firm, RSM US LLP, has completed their audit of our financial statements for the year ended December 31, 2017. These included reports on collection of charges on behalf the City of Des Moines for sewer, sold waste and storm water that are billed and collected by DMWW and remitted to the City. The audit report of the Pension Plan will be presented next month. RSM has issued an unqualified or "clean opinion" on our financial statements.

A motion was made by Mr. Gillette, and seconded by Ms. Munns, to receive and file 2017 Financial Audit Reports and distribute reports to the appropriate agencies. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Receive and File Five Year Capital Improvement Plan -

The five-year capital improvement plan (CIP) was received. This information will be used to develop capital budgets that will be present to the Board for action in future years.

A motion was made by Mr. Gillette, and seconded by Mr. Wallace, to receive and file the Five-Year Capital Improvement Plan. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Broker Services for Corporate Insurance -

DMWW send requests for proposals for insurance brokerage services to five insurance brokers for November 1, 2018 renewals (and beyond) of our property and casualty insurance. Responses were received from three brokers: LMC Insurance & Risk Management, Holmes Murphy, and Arthur J. Gallagher & Co.

A motion was made by Mr. Gillette, and seconded by Mr. Carlson, to approve the selection of LMC Insurance and Risk Management as insurance broker for property and casualty insurance. 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 2017 Polk County Water System Improvements – Contract 1 –

A motion was made by Ms. Munns, and seconded by Mr. Gillette, to accept the 2017 Polk County Water System Improvements – Contract 1, completed by J & K Contracting, LLC, in the amount of \$1,197,078.94. All work has been completed to staff's satisfaction. 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 2017 Des Moines Water System Improvements – Contract 1 –

A motion was made by Mr. Gillette, and seconded by Mr. Carlson, to accept the 2017 Des Moines Water System Improvements – Contract 1, completed by J & K Contracting, LLC, in the amount of \$1,203,680.44. All work has been completed to staff's satisfaction. 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 2017 Des Moines Water System Improvements – Contract 2 –

A motion was made by Ms. Munns, and seconded by Mr. Carlson, to accept the 2017 Des Moines Water System Improvements – Contract 2, completed by Rognes Corp, in the amount of \$1,016,611.40. All work has been completed to staff's satisfaction. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Northwest Warren County 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 Northwest Warren County 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. Gillette for adoption of the form of contract, plans and specifications, and estimated cost for the Project. The motion was seconded by

Mr. Carlson. 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 Mr. Gillette, and seconded by Ms. Munns, to award the Northwest Warren County Feeder Main contract for Base Bid and Alternate Bid A to Vanderpool Construction, Inc., in the amount of \$1,588,915.00, 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.

Conveyance of Water Main to Drake University -

DMWW currently owns and maintains several hundred feet of 8-inch water main in vacated 27th Street and Carpenter Avenue. Drake University owns this property and the mains serve Drake University's facilities only. Since this water main provides no benefit to DMWW, it is recommended that the Board approve conveying these sections of water main to Drake University.

A motion was made by Mr. Gillette, and seconded by Ms. Munns, to approve the Conveyance of Water Main to Drake University, conveying approximately eight hundred fifty-five (855) feet of 8-inch water main now in place in vacated 27th Street, approximately six hundred seventy-one (671) feet of 8-inch water main now in place in vacated Carpenter Avenue and authorize the Chairperson and CEO and General Manager to execute the Conveyance of Water Main. Upon vote, the motion was adopted, with Ms. Huppert, Mr. Carlson, Mr. Gillette, and Ms. Munns, voting in favor of the motion, Mr. Wallace abstained.

Board Committee Reports –

The following reports were provided:

- A Planning Committee Meeting was held on June 5, 2018. Ms. Katie Vandal, Staff Engineer, presented on the process of determining water main replacement priorities. Our intention is to meet the AWWA benchmark standard for failures per foot of pipe.
- A Finance and Audit Committee Meeting was held on June 19, 2018. City of Des Moines Right-of-Way Management Fees were discussed as well as DMWW Park Foundation events in the park. Mr. Gillette has drafted a policy amendment to address park events. He will share his draft and ask that recommended edits be returned by August 1st for discussion and approval by the full board at a future date.
- A Customer Relations Committee was held on June 5, 2018. Mr. Gillette reported that the West Des Moines/Waukee Source Water Availability Study was discussed. Mr. Stowe directed staff to address DMWW's general concerns (at a high level) regarding the recent study to West Des Moines.
- No report was given on the Greater Des Moines Botanical Garden.
- The Des Moines Water Works Park Foundation Board - Mr. Wallace reported that the park event management RFP was discussed at the last Board meeting. The groundbreaking event was held June 12th.
- Government Outreach Update – DMWW staff is working with Advocacy Strategies and Concordia Group to plan “off-season advocacy” (June-December 2018) before the 2019

Legislative Session. The team is also considering best management practice legislation that neighboring states have in place.

CEO and General Manager's Comments –

- Mr. Stowe addressed recent rains and shared that the flooding situation is carefully coordinated with the Army Corps of Engineers. Intense local rain can cause internal flooding of buildings in the Fleur Drive Plant drain flow rate capacity to the river is exceeded.
- Mr. Stowe provided an update on the BMG Group litigation. DMWW sued for monetary damages. BMG dissolved, but a claim against its bonding company is pending. Mediation will take place on 6/27.
- Today is the last Board Meeting for Danny Klopfer. His retirement gathering will take place on Friday, 6/29 at 2pm.

Other Comments – None.

Adjournment – Meeting adjourned by unanimous consent.

Meeting ended at 4:40pm

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

Tuesday, July 10, 2018

3:30 p.m.

Present:

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

Staff Members: Ted Corrigan, Peggy Freese, Doug Garnett, Michelle Holland, Amy Kahler,
Dan Klopfer, Laura Sarcone, Bill Stowe, and Michelle Watson

Also in attendance: None

1. Cost of Service Update –

Ms. Freese provided a summary of the review by Raftelis Financial Consultants of DMWW's Cost of Service (COS) study. Raftelis has recommended changing from a "historical cost" COS model to a "revenue requirements" COS model. In the past, the COS was compiled using actual financial data from the prior year to make rate recommendations that went into effect in the following year. The revenue requirements model uses the budget for the upcoming year, aligning rate increases with budgeted expenses rather than prior year costs. The model includes a multi-year financial planning and rate projection component which will combine operating expense projections with the 5-year CIP (Capital Improvement Plan) to evaluate the impact to COS and future rates. Raftelis also offered recommendations regarding the structure of wholesale rates, indicating it might be appropriate to implement a peaking factor.

2. Regionalization Financing Impact –

Ms. Freese shared that she and Rick Malm (legal counsel) met with DMWW's bond advisors, Speer Financial, and bond counsel, Mark Cory of Alhers & Cooney, who confirmed that our bond covenants apply to the transfer of all system assets, not just those constructed from the proceeds of the outstanding bonds. DMWW cannot transfer any system assets while it has bonds and SRF (State Revolving Fund) debt that will remain outstanding after the asset transfer, unless the outstanding bonds are defeased. This will require significant cash to be made available to DMWW as part of any regionalization asset transfer. If we expect the bonds will be defeased as a part of transfer of assets, DMWW would be limited in its ability to issue any new debt until after the transfer takes place.

3. CEO's Comments – Mr. Stowe commended staff on how recent flooding was handled. Due to creek bank washout near NW 6th Dr., a feeder main is exposed and this needs to be repaired immediately as an emergency. It is estimated to cost just over \$100,000.00.

The structure of the Finance Committee was discussed. According to the Board Policy Manual, the Water Board Chair can expand committees beyond the board. Mr. Stowe suggests considering adding three member representatives from other communities. He feels there is an interest from Ankeny and Urbandale to participate. Mr. Gillette would like to see agreements put into place to secure relationships to allow for planning and moving forward. Mr. Stowe recommended that Ms. Freese's memo of the bond findings be shared with the Urbandale Water Board, West Des Moines Water Board, and Jason Mumm with FCS Group.

4. Public Comments – None.

Meeting adjourned at 4:44 p.m.

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

Tuesday, July 17, 2018

3:30 p.m.

Present:

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

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

Also in attendance: Craig Robinson (Concordia Public Affairs)

1. Gallery Rehabilitation – Mr. McCurnin, Engineering Services Manager, gave a presentation on the gallery system in DMWW Park, sharing the history and explaining the high value of the gallery system to water production. The condition of the gallery was questioned approximately three years ago, which led to assessing water levels, performing valve repairs, and rehab of a valve chamber. Engineering and Water Production will reconvene to discuss the condition assessment when the valve repairs and rehab are complete.

Ms. Susan Huppert joined the meeting at 3:50 pm.

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

Meeting adjourned at 3:57 p.m.

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

Tuesday, July 17, 2018

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

Present:

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

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

Also in attendance: Craig Robinson (Concordia Public Affairs)

Meeting called to order at 3:59 p.m.

1. Regionalization Review Discussions – Ms. Huppert and Mr. Stowe reported that they attended a recent Windsor Heights City Council meeting. Ms. Huppert commended Ms. Kahler and Customer Service staff for the relationships DMWW has with the communities we work directly with.

Mr. Gillette shared that discussion took place at the Finance & Audit meeting about expanding that committee to include members from some of the larger communities involved in the regionalization workshops. Ms. Huppert has shared the bond findings memo from Ms. Freese, as well as DMWW Staff's concerns with the West Des Moines Study, with Mr. Mumm of FCS. Board Committee members suggested that these two items be on the agenda at the next regionalization workshop. Mr. Stowe has provided both items to Mayor Cownie and City Manager Scott Sanders.

DMWW will hold a community meeting during the last week of August to provide updates on Regionalization, Water Quality, and the Park Foundation. Invited guests will include DMWW service area legislators, city councils, and community leaders. An email save-the-date will be distributed, with formal invitations to follow.

2. CEO's Comments –Mr. Stowe shared that a water main has been exposed near NW 6th Dr., due to washout from recent flooding, and will need to be repaired on an emergency basis. The City of Des Moines has approached DMWW to set aside the availability rates for houses that have been determined as uninhabitable as well as an "honor system" allowance for extra water use for power washing and cleaning due to flood damage. A large change order to an existing contract for several hundred thousand dollars will be on the agenda at the July 24th Board Meeting to add a water main to Polk County's NW 66th project.
3. Public Comments – No comments from the public.

Meeting adjourned at 4:47 p.m.