

**CALLED MEETING OF THE BOARD OF WATER WORKS TRUSTEES
HELD AT THE OFFICE OF THE DES MOINES WATER WORKS
PURSUANT TO NOTICE, TUESDAY,
August 23, 2016**

Present: Vice Chairperson Ms. Leslie A. Gearhart, presiding; David A. Carlson, and Ms. Susan R. Huppert, a majority of the Board constitution a quorum. Mr. Marc R. Wallace joined the meeting in progress as noted below. Staff members attending were: Scott Bierman, Pat Bruner, Ted Corrigan, Peggy Freese, Doug Garnett, Amy Kahler, Dan Klopfer, Mike McCurnin, Jeff Mitchell, Laura Sarcone, Bill Stowe, and Jennifer Terry. Also in attendance was Rick Malm, legal counsel.

Ms. Gearhart called the meeting to order at 3:31 p.m.

Consent Agenda – A motion was made by Ms. Huppert, seconded by Mr. Carlson, to approve Consent Items A, B, C, D and E (approval of the minutes, July 21, 2016, Board of Water Works Trustees meeting; minutes, August 2, 2016, Planning Committee meeting; minutes, August 9, 2016, Finance and Audit Committee meeting; filing of the financial statements for audit purposes; approval of payments for July 2016; summary of CEO-Approved Expenditures in Excess of \$20,000; and approval of September 20, 2016, as the next meeting of the Board of Water Works Trustees). Upon vote, the motion was adopted, with Ms. Gearhart, Mr. Carlson and Ms. Huppert voting in favor of the motion.

Public Comment Period – No comments presented.

Receive and File 2016 Corrosion Control Report – Mr. Stowe noted that the Planning Committee reviewed staff's report of the Des Moines Water Work's extensive corrosion control program. Staff's full report is available online. A motion was made by Mr. Carlson, and seconded by Ms. Huppert to accept and file the 2016 Corrosion Control Report for Des Moines Water Works. Upon vote, the motion was adopted, with Ms. Gearhart, Mr. Carlson and Ms. Huppert voting in favor of the motion.

Request Authorization to Execute Consent to Grant Encroachment and Consent to Easement Encroachment to the City of Des Moines at the Des Moines River Pumping Station – Mr. Stowe explained that the City of Des Moines is seeking consents required to build a disc golf course near our Des Moines River Pumping Station at Prospect Park. City staff has addressed Des Moines Water Works' concerns of park patrons parking near the secured facility. A motion was made by Mr. Carlson, and seconded by Ms. Huppert to authorize the Chairperson to execute the Consent to Grant Encroachment and the Consent to Easement Encroachment for construction of Disc Golf Course in Prospect Park. Upon vote, the motion was adopted, with Ms. Gearhart, Mr. Carlson and Ms. Huppert voting in favor of the motion.

Request Authorization to Issue Purchase Order for Army Post Road Aquifer Storage and Recovery Well – Pumping Equipment – Mr. Stowe stated that the City of West Des Moines and

West Des Moines Water Works, will pay all, but \$17,000, for the pumping equipment for the Army Post Aquifer Storage and Recovery well. Des Moines Water Works staff is requesting certain specific additional cost features, and will pay the remaining \$17,000 in view of those features. A motion was made by Ms. Huppert, and seconded by Mr. Carlson to authorize the CEO and General Manager to execute an agreement with Gicon Pumps and Equipment to provide pumping equipment for the Army Post Road Aquifer Storage and Recovery Well and authorize staff to issue a purchase Order in the amount of \$219,882 to Gicon Pumps and Equipment for purchase of the pumping equipment. Upon vote, the motion was adopted, with Ms. Gearhart, Mr. Carlson and Ms. Huppert voting in favor of the motion.

Approve Cooperative Agreement between Des Moines Water Works and Iowa Department of Transportation for Relocation of Water Main at– Mr. Stowe explained that the Iowa Department of Transportation is replacing a bridge at the intersection of Highway 415 and NW 66th Avenue and it is necessary to relocate several existing water mains and fire hydrants to accommodate the project. A motion was made by Mr. Carlson, and seconded by Ms. Huppert to approve and authorize the CEO and General Manager to execute the Iowa Department of Transportation Cooperative Agreement for Relocation of Water Main at Highway 415 and NW 66th Avenue. Upon vote, the motion was adopted, with Ms. Gearhart, Mr. Carlson and Ms. Huppert voting in favor of the motion.

Mr. Wallace joined the meeting at 3:42 p.m.

First Amendment to Site License Agreement with AT&T at Hazen Water Tower Site – Mr. Stowe noted the history of telecommunications service facilities located on water tower properties. Staff is recommending moving toward relocation of telecommunications facilities on Des Moines Water Works' properties. It is estimated about \$150,000 loss of revenue; however, resulting benefits will include safer conditions at the sites, and less staff time dealing with telecommunications entities. The Agreement presented provides for transition and termination of the AT&T facilities at Hazen on an agreed basis. A motion was made by Mr. Carlson, and seconded by Mr. Wallace to approve and authorize the Chairperson and CEO and General Manager to execute the First Amendment to Site License Agreement with AT&T at the Hazen Water Tower site. 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. Carlson reported that Planning Committee met on August 2, 2016, and discussed the corrosion control report and naming policy for Des Moines Water Works facilities.
- Ms. Huppert reported that the Finance and Audit Committee met on August 9, 2016, and discussed comparative water rates, and also discussed a maintenance plan for the Park Foundation's improvements, which will not require funding from ratepayers. The Board had a discussion of ownership of land and right of way, and maintenance and ownership of Fleur Drive tunnel.
- Ms. Gearhart had no report for the Greater Des Moines Botanical Garden.
- Mr. Wallace reported on fundraising goals for the Des Moines Water Works Park Foundation, as well as marketing efforts.

- Ms. Huppert had no report on the Greater Des Moines Partnership's Iowa Soil and Water Future Task Force.

CEO and General Manager's Comments –

- Mr. Stowe remarked on recent water treatment challenges, including microcystin, a cyanotoxin.
- Mr. Stowe remarked on wholesale suburban customers exploring options for additional water treatment plants and water sources.

Ms. Gearhart noted the Contract Status Spreadsheet, July 2016 Lien Certification and Reversals, and Environmental Outreach Summary in the Board's packet.

Adjournment – Adjourn by unanimous consent. Meeting adjourned at 4:28 p.m.

Post Board Meeting Presentation: Cyanobacteria and Cyanotoxins – Mr. Stowe noted recent concerns with cyanobacteria toxins, due to excess nutrients in DMWW source waters. These toxins are emerging contaminants in DMWW's source waters that are subject to currently evolving science and public health considerations, including voluntary guidelines issued by the United States Environmental Protection Agency and the Iowa Department of Natural Resources.

Mr. McCurnin made a presentation on the topic. He noted in 2014, Toledo, Ohio issued a "Do Not Drink" order for its 500,000 citizens due to a toxin released from a cyanobacteria bloom in Lake Erie. In 2015, U.S. EPA issued health advisories guidance for cyanobacterial toxins; however, these are not yet a regulation. Des Moines Water Works staff has been aware of cyanobacteria issues for several years, mainly due to taste and odor issues and filter plugging. Des Moines Water Works recently began a more aggressive testing regimen for the presence of cyanotoxins when elevated cyanobacteria levels are present in raw water sources. Mr. McCurnin described a recent, short term event detected under this regimen and Staff's response. Staff is working with the DNR and public health and emergency management personnel to communicate health advisories if microcystin or cylindrospermospin are detected in the finished drinking water, as prescribed by EPA and DNR advisories. Staff is also currently revising its cyanotoxin management plan, and will need to consider additional capital improvements in order to assure drinking water production that remains below the EPA and DNR health advisory level.

Meeting ended at 4:53 p.m.

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

Tuesday, September 6, 2016

3:30 p.m.

Present:

Board Members: Dave Carlson, Marc Wallace

Staff Members: Ted Corrigan, Doug Garnett, Amy Kahler, Laura Sarcone, Bill Stowe and Jennifer Terry

Also in attendance: Teva Dawson, Rick Tollekson and Jeff Coon

1. Greater Des Moines Water Trails & Greenways Plan – Ms. Teva Dawson from Des Moines Area Metropolitan Planning Organization (MPO) introduced the Greater Des Moines Water Trails & Greenways Plan. The plan’s mission is to cooperate across political boundaries to enhance the region’s water trails and greenways. The full draft plan is available online at www.dmampo.org/water-trails and will be voted on by MPO Board this fall. MPO-member cities and organizations will then be asked to adopt the plan. Once finalized, the plan will provide a regional road-map for enhancing citizen experiences in and along the 150 miles of water ways in the Greater Des Moines area, including 31 miles of the Raccoon River and 65 miles of the Des Moines River. Mr. Rick Tollekson, Water Trails and Greenways Steering Committee Chair, discussed the need for water trails for attracting and retaining people to live and work in the metro. Coordinated efforts between many entities will be needed. Mr. Stowe complimented MPO staff and committee on the plan and stated water quality and flood mitigation concerns, as well as water supply and recreational uses all need to come together.
2. Forested Wetland Considerations – Mr. Stowe introduced Mr. Jeff Coon from the consulting firm GHD, speaking on wetland mitigation bank opportunities for Water Works property. Mr. Coon noted that Section 404 of the Clean Water Act states unavoidable impacts to aquatic resources must be mitigated. Credits are created through restoration, establishment, enhancement or preservation of aquatic resources. Credits are held in State Wetland Bank which sells credits to project developers. In early 2016, GHD began discussion to review and identify mitigation bank opportunities within Des Moines Water Works Park. Preliminary revenue and cost projections are based on 300-acres. There are a number of important considerations, including requirements, permits, easements and agreements. Easement and agreement must be perpetual, running with the land in perpetuity. The potential revenue for 300 phased acres is approximately \$8,700,000. Estimated project costs for permitting, design, vegetation management and administrative costs are approximately \$3,300,000, for potential net revenue of \$5,400,000. If DMWW is interested, the next step in development of a wetland mitigation bank of Water Works property would be to commission a feasibility study. GHD could complete this work for approximately \$25,000. Mr. Wallace stated that he thought the idea merits discussion and consideration from the Board.
3. Staffing Update – Mr. Garnett reported on recent staffing outreach efforts, including diversity training for managers and supervisors. DMWW has sponsored the Iowa Mosaic Diversity Conference, hosted by the Friends of Iowa Civil Rights. DMWW Human Resources staff

attended the conference for training. DMWW Human Resources staff also (1) have re-established connection with Latinos Unidos; (2) are now posting job announcements at the front desk to reach customer who pay their bills in person; (3) have updated the Affirmative Action mailing list; and (4) are working with a consultant on updating affirmative action plan. DMWW's recent new hires include one African American female to fill a seasonal position and one African American female and one Hispanic female in full-time positions. DMWW's hiring application process is fully online with HR staff available to assist.

4. CEO and General Manager's Comments – Mr. Stowe noted that we are currently in a relatively low water demand period, but are on track to meet production projections. Staff is deeply into the budgeting process. Rate increase recommendation will go to the Board in October and with 2017 budget for approval scheduled for November. Staff is meeting with suburban customers to discuss rates and other issues.
5. Public Comments – None.

Meeting adjourned at 5:03 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, September 13, 2016

3:30 p.m.

Present:

Board Members: Dave Carlson, Leslie Gearhart, Graham Gillette, and Susan Huppert

Staff Members: Ted Corrigan, Peggy Freese, Amy Kahler, Laura Sarcone, Bill Stowe and Jennifer Terry

1. 2017 Budget – Mr. Stowe noted that staff is currently working to complete its work on the 2017 budget. Staff will not be recommending a bond issue as a part of this year’s budget. As a reminder, Board is only acting on one year budget, not the five year Capital Improvement Plan (CIP) received and filed by the Board earlier this year. The five year CIP it is just a plan and a number of items have already been rescheduled and realigned as more information becomes available on those projects. Staff will be presenting the proposed budget at the October Finance and Audit Committee and then to the full Board in October, with a public hearing and vote in November. Staff will present department overview budgets after the Board meeting in October. Mr. Carlson asked that options for bond finance and fees associated with bonding be provided. Ms. Huppert inquired about the recent development of wholesale customer exploratory efforts toward alternative source water and treatment plants. Mr. Stowe noted that staff has been meeting with wholesale customers for individual discussions, at the suggestion of Ms. Huppert. Ms. Huppert requested staff to highlight where the budget is shifting and the business need for each budget area during their department overview presentations.
2. Preliminary 2017 Water Rates – Mr. Stowe stated that budgeting is closely intertwined with water rates. Board action on rate setting takes place at the October Board meeting. Ms. Freese noted that one factor to consider in setting rates is the annual Cost of Service (COS) Study. Staff reviewed COS for 2015 with Finance Audit Committee in July. As discussed, total costs increased 2.6% in 2015. The combination of increased costs and decreased consumption resulted in increases in the cost per 1,000 gallons in nearly all service areas. Based on projections, staff is recommending 10% water rate increase for most service areas. The Inside Des Moines residential customer water rate are proposed to increase from \$3.74 in 2016 to \$4.11 in 2017. Staff recommends an increase in the Wholesale With Storage rate of 5%. In Alleman, cost increases have outpaced rate increased for the last several years, so staff recommends a 15% rate increase for 2017. Ms. Huppert inquired if 10% increase is adequate to continue the Board’s “Pay as We Go” philosophy. Staff explained that for some calculations, averages and projections are used, but the 10% rate increase aligns closely with COS Study. The Committee expressed support for staff’s recommendation for rate increases, but no action was taken.
3. HomeServe Overview and Extension – Mr. Stowe noted Des Moines Water Works’ original agreement with extensions with HomeServe will expire at the end of 2017. Mr. Corrigan stated HomeServe has been providing our customers with service line protection since 2012. The original agreement was for three years, with one-year renewals. As of today, about 80% of eligible customers, or about 40,000 customers, are enrolled in service line protection with

HomeServe. Mr. Corrigan stated that to date, staff's experience with HomeServe has been positive. In anticipation of the end of the agreement extension in 2017, HomeServe has offered a proposal for three additional years of service, with the addition of frozen service line coverage, with a continuation of the pricing structure used during the first contract – \$.50 increase in the monthly charge every other year. On October 1, 2017, the monthly rate will be \$4.99, with the final price of \$5.99 per month on October 1, 2020. Des Moines Water Works receives 5% of the fees collected. Des Moines Water Works shares some of this funding with Polk County in order to assist customers who are unable to pay for the water service line coverage or service line repairs. Ms. Gearhart is happy this service is offered to our customers. Ms. Huppert recommended staff solicit another RFP after the end of our eight years with HomeServe in the 2020. Mr. Corrigan noted that an agreement will come to the Board for approval in the coming months.

4. CEO and General Manager's Comments – Ms. Terry discussed details of an upcoming event Des Moines Water Works is hosting for legislators. Mr. Stowe noted that several groups have come together in support of the 3/8 cents sales tax for funding of water quality initiatives. Iowa Supreme Court oral arguments on four certified questions will be heard tomorrow. The Iowa Farm Bureau has announced that it offered to underwrite the legal expenses for the three County Boards of Supervisors in our lawsuit. Iowa Farm Bureau's Iowa Partnership for Clean Water released another "attack" television advertisement this week. Ms. Huppert thanked Ms. Terry for her continued involvement with various groups for water quality initiatives.
5. Public Comments – None.

Meeting adjourned at 4:50 p.m.