

**CALLED MEETING OF THE BOARD OF WATER WORKS TRUSTEES  
HELD AT THE OFFICE OF THE DES MOINES WATER WORKS  
PURSUANT TO NOTICE, TUESDAY,  
August 25, 2015**

Present: Mr. Graham R. Gillette, presiding; Ms. Leslie A. Gearhart, and Ms. Susan R. Huppert. Mr. Marc R. Wallace joined the meeting in progress as noted below. Staff members attending were: Pat Bruner, Ted Corrigan, Peggy Freese, Doug Garnett, Amy Kahler, Dan Klopfer, Mike McCurnin, Laura Sarcone, and Bill Stowe. Also in attendance was Colleen MacRae, legal counsel.

Consent Agenda – A motion was made by Ms. Huppert, seconded by Ms. Gearhart, to approve Consent Items A, B, C, D, and E (approval of the minutes of the July 28, 2015, meeting of the Board of Water Works Trustees, minutes of the August 4, 2015, Planning Committee meeting; minutes of the August 11, 2015, Finance and Audit Committee meeting; filing of the financial statements for audit purposes; approval of payments for July 2015; summary of CEO-Approved Expenditures in Excess of \$20,000; and approval of September 22, 2015, as the next meeting of the Board of Water Works Trustees). Upon vote, the motion was adopted, with Mr. Gillette, Ms. Gearhart, and Ms. Huppert voting in favor of the motion.

Public Comment Period – None.

Acceptance of 2014 General Office Front Entrance Remodel – A motion was made by Ms. Gearhart, and seconded by Ms. Huppert, to accept the 2014 General Office Front Entrance Remodel, completed by Bergstrom Construction, Inc., in the amount of \$119,382. Ms. Gearhart and Ms. Huppert complimented the results of the project. Mr. Stowe stated his appreciation to the staff for their cooperation. Upon vote, the motion was adopted, with Mr. Gillette, Ms. Gearhart, and Ms. Huppert voting in favor of the motion and none opposed.

Acceptance of 2014 Well Rehabilitation – Maffitt Reservoir – A motion was made by Ms. Huppert, and seconded by Ms. Gearhart, to accept the 2014 Well Rehabilitation – Maffitt Reservoir, completed by Brechtel Radial Collector Wells, LLC, in the amount of \$320,838.56. Upon vote, the motion was adopted, with Mr. Gillette, Ms. Gearhart, and Ms. Huppert voting in favor of the motion and none opposed.

Request Authorization to Solicit Bids for 2015 Saylorville Water Treatment Plant Chemical Feed Modifications and Establish the Date of Public Hearing as the Date of the September 2015 Board Meeting – Mr. Stowe noted staff is seeking to solicit bids for chemical feed improvements at the Saylorville Water Treatment Plant for the feeding and storage of chemicals at the plant. The engineer's estimate is \$136,000. A motion was made by Ms. Gearhart, seconded by Ms. Huppert, to authorize staff to solicit bids for the 2015 Saylorville Water Treatment Plant Chemical Feed Modifications and establish the date of Public Hearing as the date of the September 2015 Board meeting, and direct staff to publish notice as provided by law. Upon vote, the motion was adopted, with Mr. Gillette, Ms. Gearhart, and Ms. Huppert voting in favor of the motion and none opposed.

Mr. Wallace joined the meeting at 3:38 p.m.

Request Authorization to Solicit Bids for Saylorville Water Treatment Plant West Feeder Main - Phase 2 and Establish the Date of the Public Hearing as the Date of the October 2015 Board Meeting – Mr. Stowe noted that staff approached the City of Johnston about a joint feeder main on NW 66<sup>th</sup> Avenue and NW Beaver Drive that would provide an additional major connection to Johnston and allow Des Moines Water Works to continue the feeder main to Merle Hay Road and Beaver Creek. A 28E Agreement has been previously established between the City of Johnston and Des Moines Water Works for the design, construction and funding. The project will be completed in three phases over the next few years. The first phase of the project is currently under construction. The engineer's estimate for the second phase of the new feeder main is \$1,236,097.00. The cost of the first two phases will be shared with the City of Johnston. A motion was made by Ms. Huppert, seconded by Ms. Gearhart, to authorize staff to solicit bids for the Saylorville Water Treatment Plant Feeder Main Phase 2 and establish the date of Public Hearing as the date of the October 2015 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 Execute 28E Agreement among City of Ankeny, the City of Polk City, and Des Moines Water Works for Water System Master Plan – Mr. Stowe explained that this agenda item is the formal agreement between City of Ankeny, City of Polk City, and Des Moines Water Works for the Water System Master Plan, and the next agenda item is the selection of the consultant for the Master Plan. There is a need for technical assistance in order to better understand options in this service area and coordinate with the communities. A motion was made by Ms. Gearhart, seconded by Mr. Wallace, to approve and authorize the Chairperson to execute the 28E Agreement among the City of Ankeny, the City of Polk City, and Des Moines Water Works, for Water System Master Plan as presented. Mr. Stowe noted and expressed appreciation to the staff negotiating the 28E Agreement and Master Plan consultant selection. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Water System Master Plan for Ankeny, Polk City, and Des Moines Water Works – A motion was made by Mr. Wallace, seconded by Ms. Gearhart, to authorize staff to execute Professional Services Agreement with HDR Engineering Inc., for the not to exceed amount of \$149,652, for Water System Master Plan for Ankeny, Polk City and Des Moines Water Works as presented. Mr. Stowe reviewed the consultant pricing and ratings. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Nitrate Litigation Cost Reauthorization – Mr. Gillette noted that a trial date has been set for August 2016. Legal counsel has provided an estimate for likely costs incurred through the trial. An additional \$450,000, for a total of \$750,000, will be allocated for the nitrate litigation. Mr. Gillette stated that is a great investment to move us forward with cleaner source water. A motion was made by Mr. Wallace, seconded by Ms. Huppert, to authorize an additional amount of up to \$450,000 for legal and expert services in pursuit of source water protection under federal and state laws, allowing the CEO and General Manager the ability to return for additional

authorization, as may be necessary, to protect rate payer interest in pursuit of source water protection. Mr. Stowe read a comment from Board member, Mr. David Carlson:

*Honorable DMWW Board Members:*

*While I am unable to attend the August 2, 2015, Board Meeting, I'd like read into the public record my support for Item III. G. – Nitrate Litigation Cost Reauthorization, increasing our previous appropriation for \$250,000 by an additional \$450,000. Unfortunately, the continued failure of State leadership and industrial agricultural producers upstream to accept any responsibility for improving water quality in the Raccoon and Des Moines Reivers points toward litigation as the only effective method to protect our customers' interests in water quality. Iowa's rivers, lakes and streams continue to suffer decline while those in agriculture who should accept responsibility ignore the need for greater water quality protection. Our lawsuit appears to be the only means to move agricultural leadership away from talk to direct action in protection of our environment.*

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 noted that the Planning Committee met on August 4, and discussed the 2015 flood recovery efforts.
- Ms. Huppert noted that the Finance and Audit Committee met on August 11, and reviewed the total compensation study completed by Segal Waters Consulting.
- Ms. Gearhart had no news to report on the Greater Des Moines Botanical Garden.
- Mr. Wallace reported the Des Moines Water Works Park Foundation provided a detailed monthly summary and financials to the Board. The Foundation would like better direction on communication with the Board and staff. Ms. Huppert inquired about the agreement the Park Foundation entering with RDG. Mr. Stowe stated that Park Foundation agreements involving real estate or construction will come to the Board.

#### CEO and General Manager's Comments –

- Staff continues to remain deeply involved in the 2016 budget process which will affect water rates. Preliminary budget and rate recommendations coming to the Board Finance and Audit Committee in August.
- The Nitrate Removal Facility remains off. It was in operation for a record number of days of in one year so far in 2015 (148 days). Staff remains concerned as nitrate levels upstream are increasing.

Meeting adjourned at: 4:09 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 1, 2015  
3:30 p.m.

Present:

Board Members: Dave Carlson, Marc Wallace

Staff Members: Ted Corrigan, Peggy Freese, Amy Kahler, Katie Kinsey, Dan Klopfer, Laura Sarcone and Bill Stowe

1. Saylorville Feeder Main Extension Update – Mr. Klopfer stated that the Water Distribution portion of the 2009 Long Range Plan projected future customer needs until 2020 and evaluated how effectively the existing system could handle those future needs and what improvements would be needed. One of the major areas of concern identified in the Long Range Plan was the northwest portion of our system that supplies water to the northwest area of Des Moines, the City of Johnston, the City of Urbandale and the City of Clive. The recommendation of the Long Range Plan included the installation of a new 30-inch water main from Polk Boulevard and Chamberlin Avenue to the Tenny Standpipe on Merle Hay Road. The installation cost of 18,600 feet of pipe, at current prices, is about \$8,000,000. Ms. Kinsey noted that in 2014, the City of Johnston began discussions with Des Moines Water Works to obtain additional water. Concurrently, having knowledge of Polk County's proposed improvements in the same area, there was an opportunity to develop a joint project to meet the City of Johnston's needs, while eliminating the need for the new Polk Boulevard and Chamberlin Avenue water main. Agreements among Des Moines Water Works, City of Johnston and Polk County have been executed for the installation of a 36-inch and 30-inch water main on NW 66<sup>th</sup> Avenue from the Saylorville Water Treatment Plant to NW Beaver Drive and a 30-inch water main on NW Beaver Drive from NW 66<sup>th</sup> Avenue to NW 62<sup>nd</sup> Avenue. The feeder main extension is broken up into three phases. The first phase of this project on NW 66<sup>th</sup> Avenue is currently under construction. The contractor originally designed for an open-cut installation under the Des Moines River. The contractor sought and was given permission from Des Moines Water Works to modify the design to use directional drilling of a 36-inch HDPE pipe under the Des Moines River. This will be the largest installation of this kind by Des Moines Water Works. Staff will keep the Board apprised of this interesting project. Ms. Kinsey noted that the Board recently authorized staff to solicit bids for the second phase of the project. Construction should start in the winter of 2016 and be completed by June 2016. The costs of the first two phases of the project will be shared with the City of Johnston. The third phase of the project will be designed in 2016, with construction to occur in 2017 or 2018, and will include the connection of Saylorville Water Treatment Plant to the Tenny Standpipe. The total cost of all three phases of this project is approximately \$8,400,000, with the City of Johnston reimbursing Des Moines Water Works approximately \$1,000,000.

2. CEO and General Manager's Comments – Mr. Stowe noted several items regarding river sources. Staff is not using the Raccoon River as a source today due to a spill in Redfield and nitrate levels upstream are on the rise. Staff continues the 2016 budget process, with rate recommendations to the Board in October. The next Planning Committee meeting will discuss a proposed contract with DNR for recreation management by DNR of the Bishop Farms property.
3. Public Comments – None

Meeting adjourned at 4:12 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 8, 2015  
3:30 p.m.

Present:

Board Members: Dave Carlson, Graham Gillette and Sue Huppert

Staff Members: Ted Corrigan, Peggy Freese, Amy Kahler, Dan Klopfer, Laura Sarcone and Bill Stowe

1. 2016 Budget – Mr. Stowe stated that staff continues to work on the 2016 budget and water rates. Staff will present 2015 departmental developments and projections for 2016 as a post meeting presentation after the September Board meeting. Ms. Freese noted the 2016 operating budget reflects increases in chemicals, energy, and lime residual disposal. These additions, along with moderate wage and benefit increases and increases in other expenses will likely result in an overall operating budget increase in the range of 11%. The capital budget for 2016 initially totaled approximately \$53 million. After prioritizing, the 2016 capital budget was reduced to approximately \$22.5 million. Of this, \$4 million are projects carried over from previous budget and \$7.1 million are projects funded from outside sources. The approximately \$11.4 million remaining will come from DMWW revenue in 2016. Final budget documents will be presented at the October Finance and Audit Committee meeting. Effects of nitrate litigation fees and declining water demand, due to low-flow fixtures, smarter appliances, etc., were discussed. Mr. Stowe noted that DMWW is a labor- and capital- intensive business and the utility has to be able to provide water on peak day.
2. Preliminary 2016 Water Rates – Ms. Freese noted that Board action on rate setting will take place at the October Board meeting, for an effective date of April 1, 2016. Based on 2014 Cost of Service (COS) data, staff proposes a 10% rate increase for all service areas. In a few service areas, rates will continue to be higher than the COS, which is staff’s intent. These areas have significant capital needs beyond what would normally be funded through their rates. Staff does not recommend any increase in water availability charges. Ms. Huppert suggested a 10% increase might be too low based on the notion of the Board’s intent in previous years has been to “pay as we go,” in order to keep rates as close to as COS as possible. Ms. Freese stated a 10% increase is a large amount to customers, but an effective amount for staff. Staff will meet with wholesale customers this month to present COS data and preliminary rates, and will report back to the Board before rate increase action is taken. Ms. Leslie Gearhart will chair the October Finance and Audit Committee meeting, but Ms. Huppert stated she recommends a move forward with the 10% rate increase recommendation.
3. CEO and General Manager’s Comments – Mr. Stowe noted minor Raccoon River flooding, closing the western portion of Water Works Park. Due to recent rain and cool weather, customer demand remains very low. Source water quality remains a concern – nitrate levels are increasing.
4. Public Comments – None

Meeting adjourned at 5:45 p.m.