

**CALLED MEETING OF THE BOARD OF WATER WORKS TRUSTEES
HELD AT THE OFFICE OF THE DES MOINES WATER WORKS
PURSUANT TO NOTICE, TUESDAY,
December 20, 2016**

Present: Chairperson Graham R. Gillette, presiding; David A. Carlson, 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, Peggy Freese, Doug Garnett, Michelle Holland, Amy Kahler, Webster Kranto, Dan Klopfer, Mike McCurnin, Laura Sarcone, Bill Stowe, and Jennifer Terry. Also in attendance were Rick Malm and John Lande, legal counsel.

Mr. Gillette called the meeting to order at 3:29 p.m.

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, November 22, 2016, Board of Water Works Trustees meeting; minutes, December 13, 2016, Finance and Audit Committee meeting; filing of the financial statements for audit purposes; approval of payments for November 2016; summary of CEO-Approved Expenditures in Excess of \$20,000; and approval of January 24, 2017, as the next meeting of the Board of Water Works Trustees). Upon vote, the motion was adopted, with Mr. Carlson, Ms. Gearhart, Mr. Gillette and Ms. Huppert voting in favor of the motion.

Public Comment Period – No comments presented.

Audit Services Provider – A motion was made by Ms. Gearhart, seconded by Ms. Huppert, to appoint RSM as the audit firm for Des Moines Water Works and the Des Moines Water Works Pension Plan, for the year ended December 31, 2016, and the subsequent four years. Mr. Stowe noted in October, staff sent a request for proposals (RFP) for audit services to the five qualified audit firms. RSM, which is Des Moines Water Works' current audit firm, was the only firm to respond. RSM's proposal includes costs of \$68,093 for the 2016 financial audit and pension audit. This is slightly lower (2%) than the fees paid for the 2015 audit. RSM is the same auditing firm that City of Des Moines uses. Upon vote, the motion was adopted, with Mr. Carlson, Ms. Gearhart, Mr. Gillette and Ms. Huppert voting in favor of the motion.

Mr. Wallace joined the meeting at 3:32 p.m.

Little All-American Football Agreement for the Use of Water Works Property – A motion was made by Ms. Huppert, seconded by Mr. Carlson, to authorize the CEO and General Manager to execute the Little All-American Football League Agreement for the Use of Water Works Property for a one year term to expire on December 31, 2017. Mr. Stowe addressed all three agreements with youth sport organizations for use of certain sections of Water Works Property. Des Moines Water Works provides use of its property to Little All-American Football, Raccoon Valley Little League and Soccer South Soccer Club. Each of these three agreements currently

has the same term and the same rate of \$70.00 per acre. Previous extension agreements were for three years. Mr. Stowe asked staff to shorten the term of the Little All-American Football agreement and to make the organizations aware of the current master plan improvement progress of the Des Moines Water Works Park Foundation. The first new agreement to be considered is a one year agreement for the Little All-American Football League, through December 31, 2017. The rate for this extension will remain the same at \$70.00 per acre, per year. The land used by Little All-American Football is approximately 10 acres south of George Flagg Parkway and east of S.W. 30 Street. Staff and Board has made Water Works Park Foundation aware of these agreements. Ms. Huppert stated she appreciates these reoccurring agreements and that this is a great use of the Park for the community. Upon vote, the motion to approve the Little All-American Football League Agreement for the Use of Water Works Property was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Raccoon Valley Little League, Inc. Agreement for the Use of Water Works Property – A motion was made by Ms. Huppert, seconded by Ms. Gearhart, to authorize the CEO and General Manager to execute the Raccoon Valley Little League, Inc. Agreement for the Use of Water Works Property for a three year term to expire on December 31, 2019. The second agreement is a three year agreement for Raccoon Valley Little League, Inc., through December 31, 2019. The rate for this extension will remain the same at \$70.00 per acre, per year. This agreement is for 29.5 acres north of Park Avenue, west of the railroad spur that extends through Water Works Park. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Soccer South Soccer, Inc. Agreement for the Use of Water Works Property – A motion was made by Mr. Wallace, seconded by Ms. Huppert, to authorize the CEO and General Manager to execute the Soccer South Soccer, Incorporated Agreement for the Use of Water Works Property for a three year term to expire on December 31, 2019. The third agreement is a three year agreement for Soccer South Soccer, Inc., through December 31, 2019. The rate for this extension will remain the same at \$70.00 per acre, per year. This agreement is for 23 acres located in the 4400 block of Park Avenue on the western edge of Water Works Park. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Award 2017 Water Service Line Repairs Contract – Mr. Stowe explained that an annual contract is awarded for repair of customer service lines connecting to DMWW water mains when such repairs need to be made on behalf of customers by DMWW. Following a solicitation of bids, three bids were received. The engineer's estimate was \$200,000. The low bid was submitted by Todd Torgerson, d/b/a Todd Torgerson Excavation. A motion was made by Ms. Gearhart, and seconded by Ms. Huppert, to award the 2016 Water Service Line Repairs to Todd Torgerson, d/b/a Todd Torgerson Excavation, in the amount of \$193,755.00, 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.

AFSCME Iowa Council 61, Local 3861 Contract Extension – Mr. Stowe noted that AFSCME approached Des Moines Water Works about the possibility of extending the current labor

agreement which is in effect through December 31, 2018, for an additional three years. After negotiation the terms of an extension were agreed upon, subject to Board approval to with provisions for wages and DMWW's health insurance contribution amount for each year of the extension. In addition, the health insurance contribution amounts for 2017 and 2018 that are included in the current contract provides that both parties would meet and negotiate in good faith regarding the contribution amounts in each of those years, and these amounts were also specified. A general wage increase of 2.75% will apply in 2019, 2020, and 2021. Des Moines Water Works' monthly insurance contribution will increase by \$20 per month for single coverage and \$50 per month for family coverage in 2017, 2018, 2019, 2020, and 2021. The extension on these terms has been approved by the bargaining unit. A motion was made by Mr. Wallace, seconded by Ms. Gearhart, to approve and authorize Chairperson to Execute the Agreement between the Des Moines Water Works and AFSCME, Council 61 and its Affiliated Local 3861, extending the existing contract through December 31, 2021 on the terms as presented to be effective as of January 1, 2017. Mr. Wallace stated he appreciates AFSCME's hard work and partnership with DMWW. Mr. Gillette asked Mr. Stowe to communicate to the members of the bargaining unit that the Board is very proud of this agreement and their work that serves the community. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Approval of Amendment to 28E Agreement with City of Des Moines Concerning Billing/Collection Services and Approval of Chapter 28E Agreement with City of Des Moines Concerning PILOT and Fleur Drive Maintenance – Two agreement were presented to the Board which address changes and extension to existing agreement and relationships with the City of Des Moines. Mr. Gillette noted the time and effort by staff and legal counsel spent on the conclusion of these agreements. Mr. Stowe noted the term for each agreement is to June 30, 2029; however, language in both agreements state that either party can terminate with one year notice. The Des Moines City Council approved the two agreements at last night's council meeting. A motion was made by Ms. Gearhart, seconded by Mr. Carlson, to approve and authorize the Chairperson and CEO and General Manager to execute the (1) Amendment to Chapter 28E Agreement between DMWW and the City of Des Moines for Billing and Collection Services and (2) Chapter 28E Agreement between DMWW and the City of Des Moines for the Payment of PILOT Charges and Maintenance of Fleur Drive Medians and Availability of City Group Benefit Plans. Ms. Huppert expressed concern on the Payment In Lieu Of Taxes (PILOT) payment calculation for future years, as well as the need for a more cooperative arrangement with all members of the City Council. Ms. Huppert also expressed concern locking future Boards into this agreement until 2029 and without advanced communication and review via the committee process. Mr. Stowe noted that historically the Board has not been involved in the details of these agreements. The outcome reflects a compromise on various issues between the two parties. Staff is recommending that the Board approve the agreements.. Mr. Stowe reminded the Board that DMWW is investing \$5 million in customer relationship management (CRM) system and the fees for performing the City's billing and collection are considered appropriate by staff. Mr. Wallace questioned some specific edits that City provided to the PILOT agreement and legal counsel provided clarification. Upon vote, the motion was adopted, with Mr. Carlson, Ms. Gearhart, Mr. Gillette and Mr. Wallace voting in favor of the motion and Ms. Huppert voting against the motion.

Approval of Chair's Selection of Board Members' Representation on External Boards – Chairperson Gillette has recommended the appointments of Board members to the following external Boards: Greater Des Moines Botanical Garden – Ms. Leslie Gearhart; Des Moines Water Works Park Foundation – Representatives: Mr. David Carlson and Mr. Marc Wallace, Ex-Officio: Mr. Bill Stowe. A motion was made by Ms. Huppert, seconded by Ms. Gearhart, to appoint Board members to represent Des Moines Water Works on its behalf on the Boards of the Greater Des Moines Botanical Garden and the Des Moines Water Works Park Foundation for the calendar year 2017. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Election of Chairperson and Vice-Chairperson for 2017-2018 – A motion was made by Mr. Carlson, seconded by Ms. Huppert, to elect Ms. Gearhart as Chairperson for a two-year term beginning January 1, 2017. Upon vote, the motion was adopted, with Mr. Carlson, Ms. Gearhart, Mr. Gillette and Ms. Huppert voting in favor of the motion and Mr. Wallace voting against the motion. Ms. Huppert asked that all Board members provide transparency for future communications on behalf of the Board. A motion was made by Ms. Gearhart, seconded by Mr. Carlson, to elect Ms. Huppert as Vice-Chairperson for a two-year term beginning January 1, 2017. Upon vote, the motion was adopted, with Mr. Carlson, Ms. Gearhart, and Mr. Gillette voting in favor of the motion and Mr. Wallace voting against the motion and Ms. Huppert abstaining from voting.

Board Committee Reports –

The following reports were provided:

- Ms. Huppert reported the Finance and Audit Committee met on December 13, 2016, and reviewed audit service providers and payment processing providers.
- Ms. Gearhart provided a report on Greater Des Moines Botanical Garden.
- Mr. Carlson and Mr. Wallace reported on the Des Moines Water Works Park Foundation. Mr. Stowe noted that staff will be asking the Board for feedback on naming rights terms, based on the longevity of the asset.
- Ms. Terry to provide a Legislative Update. Ms. Terry, DMWW's contracted legislative firm and CEO and General Manager will be meeting with legislators prior to the legislative session and providing cooperative solutions to problems. Ms. Terry will be providing a tracking document to the Board for the various legislative proposals expected throughout the session.

CEO and General Manager's Comments –

- Mr. Stowe noted the staff's update on 2016 utility goals. Staff is currently working on 2017 utility goals and will present them to the Board in early 2017.

Mr. Gillette noted the Contract Status Spreadsheet, November 2016 Lien Certification and Reversals, and Environmental Outreach Summary in the Board's packet. Mr. Gillette stated it has been an honor to serve as Board Chairperson.

Closed Session – At 4:40 p.m., Ms. Gearhart made a motion, seconded by Ms. Huppert, 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, and lime residual removal, 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 5:42 p.m., Mr. Wallace left the meeting at the end of Closed Session. 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 5:42 p.m.

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

Tuesday, January 3, 2016
3:30 p.m.

Present:

Board Members: Dave Carlson, Marc Wallace

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

1. General Office Reception, Security and Hours – Mr. Stowe noted that security, including cyber security, personal security or business security, is a top priority to Des Moines Water Works in an effort to protect our employees, customers and assets. Mr. Corrigan mentioned On Point Security Group was hired in January 2014, for around-the-clock armed guard services at the Fleur Drive Treatment Plant. Staff has been pleased with On Point's performance and its scope of services has been expanded recently, following retirements of a Park Police Officer, to include after-hours rounds in Water Works Park and at a number of our remote facilities. The professionalism of the On Point guards and their depth of knowledge related to security have made them a valuable partner in protecting our critical assets from threats, both known or unknown. In 2017, as part of staff's ongoing emphasis on safety and security, Des Moines Water Works will again be broadening the scope of services with On Point to include armed guards at the general office building during regular business hours. While the primary function of the guard is to serve as a deterrent for escalated situations and to be available to respond in situations where customers and other visitors are being verbally or physically threatening, the guard will also perform routine procedures typical of a security check-in desk, such as logging visitors in/out, monitoring security cameras, routing non-customer related phone calls, etc. The addition of an armed security guard at the front desk will cost approximately \$57,000 annually. Front line customer service staff and union leadership have provided input and have indicated their appreciation for DMWW's plan to add a security presence in the general office. While all agree it is unfortunate that this is considered necessary, it is a positive and proactive way to maintain a safe environment for our employees and visitors. Ms. Kahler noted that in the process of evaluating security for the general office, customer service leadership evaluated the appropriateness of current customer contact business hours. For years, DMWW's office business hours for general customer service inquiries have been 7:30 a.m.-5:30 p.m., Monday through Friday comprising a 10-hour business day (with emergency assistance available 24/7). Staff queried other utilities throughout the metro and state and did not find another example of a utility who offers a 10-hour business day. Most utilities offer general office customer service 8:00 a.m.-5:00 p.m., although a few are open 7:30 a.m.-4:00 p.m. or 8:00 a.m.-4:30 p.m. Staff believes reducing customer service hours by 30 minutes will improve customer experience during times when volumes are consistently higher, and notes a schedule of 7:30 a.m.-5:00 p.m. still offers at least 30 minutes outside of the typical 8:00 a.m.-5:00 p.m. day. This change in customer service hours will begin January 9, 2017. Customer communications have been, and will continue to be made to ensure customers are given ample notice for this change. Staff believes the security and business hour changes are

positive changes for utility operations, customers, and employees. These changes will be closely monitored to ensure smooth transitions for employees and customers.

2. CEO and General Manager's Comments – Mr. Stowe mentioned the utility produced more than 17 billion gallons of water in 2016. Mr. Stowe has met with City of Des Moines staff and Des Moines Water Works Park Foundation members to discuss various items, including the construction and maintenance of the Fleur Drive connecting tunnel. City staff will begin drafting a 28E Agreement for the tunnel.
3. Public Comments – None.

Meeting adjourned at 4:32 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, January 10, 2017
3:30 p.m.

Present:

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

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

1. Customer Relationship Management (CRM) System – Mr. Bruner stated that Des Moines Water Works has utilized in-house designed CRM software since 2004. However, as DMWW's other technology and software has been upgraded, DMWW's current CRM system has failed to keep pace and to provide desired compatibility and functionality. In 2015, staff issued a Request for Information (RFI) to gain information about current offerings in the CRM software industry. Following the RFI, staff hosted 11 onsite demonstrations from responsive vendors. In 2016, staff issued a detailed Request for Proposals (RFP) from the top five vendors selected in the RFI process. Multi-day workshops were conducted and preferred vendors were selected. A business case and justification were created for inclusion in the 2017 budget process. The business case was approved for a two year project in 2017 and 2018, including capital costs of \$1.9 million and \$2.2 million, respectively. Staff is recommending Advanced Utility Systems CIS Infinity and Clevest Mobile Workforce Management for its utility billing system vendors. Staff is currently in contract negotiations and will begin on-site statement of work development with vendors this month. Staff has tentatively planned to seek permission from the Board to execute the contract(s) at the February Board meeting, with the project officially kicking off in June. Phase 1 completion would be completed by December 2017 and Phase 2 completed by December 2018. Ms. Kahler highlighted some of the enhancements from the new systems, including: Embedded graphical mapping system (GIS); Elimination of 40,000 paper service orders per year and optimization of field assignments; Increased data availability; Enhanced customer self-service web portal, including graphs and charts; and Availability of large print and translated billing statements. Staff thanks the Board for its support of this important capital investment.
2. 2017 Utility Goals – Mr. Stowe reviewed staff's proposed 2017 utility goals. The full Board will receive them at the next Board meeting. Goals include 1) Replace billing and customer information system (CRM); 2) Implement conversion to an outside, PCI compliant, payment solution; 3) Facilitate review of Cost of Service methodology by an outside consultant; 4) Reduce OSHA recordable injuries to nine; 5) Complete 2040 Long Range Plan, and update 5-year Capital Improvement Plan; 6) Maximize Saylorville Water Treatment Plant capacity.
3. CEO's Comments – Mr. Stowe reported the utility produced more than 17 billion gallons of water in 2016. Staff is discussing an offer for operation and maintenance of a new water treatment plant with the Urbandale Water Utility. Water quality issues continue to command staff and public attention. Mr. Stowe and legal counsel have met with Iowa Attorney General Miller and others, regarding the water quality lawsuit, and related issues. We

understand they are currently gathering information from interested parties. The Governor's Condition of the State Address included a slight emphasis on water quality, recommending a House bill that was introduced last year, to divert water sales tax from the general fund to a water quality improvement fund.

4. Public Comments – None.

Meeting adjourned at 4:15 p.m.