

**CALLED MEETING OF THE BOARD OF WATER WORKS TRUSTEES
HELD AT THE OFFICE OF THE DES MOINES WATER WORKS
PURSUANT TO NOTICE, TUESDAY,
September 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, Ted Corrigan, Peggy Freese, Doug Garnett, Amy Kahler, Dan Klopfer, Mike McCurnin, Laura Sarcone, Bill Stowe, and Jennifer Terry. Also in attendance was Rick Malm, Colleen MacRae and John Lande, legal counsel.

Mr. Gillette called the meeting to order at 3:30 p.m.

Consent Agenda – A motion was made by Mr. Carlson, seconded by Ms. Gearhart, to approve Consent Items A, B, C, D and E (approval of the minutes, August 23, 2016, Board of Water Works Trustees meeting; minutes, September 6, 2016, Planning Committee meeting; minutes, September 13, 2016, Finance and Audit Committee meeting; filing of the financial statements for audit purposes; approval of payments for August 2016; summary of CEO-Approved Expenditures in Excess of \$20,000; and approval of October 25, 2016, as the next meeting of the Board of Water Works Trustees). Upon vote, the motion was adopted, with Ms. Gearhart, Mr. Gillette, Mr. Carlson and Ms. Huppert voting in favor of the motion.

Public Comment Period – No comments presented.

Mr. Wallace joined the meeting at 3:33 pm

Approve Facilities Naming Rights Policy – Mr. Stowe stated that staff is submitting a Facilities Naming Rights Policy for the Board's approval. The Policy pertains to Water Works Park and all other Des Moines Water Works owned properties. Under the Policy, naming opportunities must be in alignment with Des Moines Water Works' mission. The named facilities will generally have a 20-year limit, and the Board of Trustees has the ability to approve and reject naming opportunities at any time.

Mr. Stowe noted item IV-A in the policy, which states that naming opportunity plans should include not only capital costs, but operating and maintenance costs, on a case-by-case basis. Mr. Malm noted legal considerations have been taken into account in developing the Policy. A motion was made by Mr. Wallace, seconded by Mr. Carlson, to approve the Facilities Naming Rights Policy for Des Moines Water Works as presented. 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 2015 Polk County Water System Improvements – Contract 1 – Mr. Stowe noted this project is ready for acceptance after significant concerns have been addressed. A motion was made by Ms. Gearhart, seconded by Mr. Carlson, to accept the 2015 Polk County Water System

Improvements – Contract 1, complete by Scharnweber, Inc., in the amount of \$852,397.19. 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 the Planning Committee met on September 6, 2016, and discussed the Greater Des Moines Water Trails & Greenways Plan, an unsolicited proposal for a forested wetlands project, and a staffing update. Mr. Stowe noted that staff has been approached for wetland mitigation bank opportunity in Water Works Park. The value would be about \$5 million, but would require a conservation easement in perpetuity. Mr. Stowe described concern with a perpetual easement. The next step would be for staff to engage in a study. However, given the Board's concerns staff will not pursue.
- Ms. Huppert reported the Finance and Audit Committee met on September 13, 2016, and discussed 2017 budget, preliminary 2017 water rates and HomeServe extension. Ms. Huppert thanked Ms. Kahler for addressing a HomeServe mailing questions.
- Ms. Gearhart reported on the Greater Des Moines Botanical Garden.
- Mr. Wallace reported on the Des Moines Water Works Park Foundation, noting the City Council has approved the Gray's Lake Plan, which includes the Fleur Drive underpass. Mr. Carlson noted that The Principal Corporation will match donations, up to \$500,000.
- Ms. Huppert asked Ms. Terry to update on the Greater Des Moines Partnership's Iowa Soil and Water Future Task Force. Ms. Terry noted that Des Moines Water Works hosted legislators and public health professionals earlier this month, in conjunction with the "Imagine a Day without Water" initiative, to unveil Des Moines Water Works' 2017 water quality priorities. The Greater Des Moines Partnership's quality of life sub-group is continuing to meet and is working on putting specific water quality language in the Greater Des Moines Partnership's priorities.
- Mr. Gillette noted that it is time for the CEO and General Manager's annual review. A written review form will be provided and Mr. Stowe is available to meet with Board members individually,. The annual review will take place at the October Board meeting.

CEO and General Manager's Comments –

- Mr. Stowe remarked that the Finance and Audit Committee will see the 2017 budget in October. The full Board will take action on water rates at the October Board meeting, and adopt the budget at the November Board meeting.
- Mr. Stowe noted staff's update memo on utility goals for 2016.
- Mr. Stowe noted that legal team is working with Polk County Attorney's Office on issues with former lime residual hauler, BMG. Trial likely this fall or a plea agreement within the next 30-60 days.

Mr. Gillette noted the Contract Status Spreadsheet, August 2016 Lien Certification and Reversals, and Environmental Outreach Summary in the Board's packet.

The following Competitive Quotation contract awarded were submitted for the Board’s information and inclusion the minutes::

Title	Description	Date of Contract	Contractor	Amount
2016 Fiber Optic Repair	<p>Provide labor, equipment, and materials necessary, including excavation, installation, backfill, testing, surface restoration, cleanup, and miscellaneous associated work, to complete installation of approximately 3,000 feet of Fiber Optic Cable on NE 66th Avenue between NW 2nd Avenue and NE 14th Street, per plans and specifications. Includes installation of splices, test station, and enclosures. - Cost: \$31,197.00</p> <p>Change Order for \$14,153.98 including the following:</p> <ul style="list-style-type: none"> • one 2" conduit, 12-strand single-mode fiber, and 24x36x36 hand hole along with fiber splicing cutover at Army Post at Bishop Farms Culvert - Cost: \$10,508.98 • one 2" HDPE conduit for Centurylink along with a 24-strand single-mode fiber at Army Post at Bishop Farms Culvert - Cost: \$3,645.00 • Total Cost: \$45,350.98 	9/16/2016	Communication Innovators, Inc.	\$45,350.98

Presentation: Staff Department Budget Overviews – Mr. Stowe introduced staff to discuss 2017 department budget overviews. Ms. Freese noted the Finance Department will focus on Cost of Service (COS) review by consultants and staff time will be devoted to new Customer Relationship Management (CRM) System in 2017. Ms. Kahler noted the Customer Service Department 2017 budget will see status quo for operational budget; however, the capital budget is approximately \$1 million, which includes meters and meter reading equipment. In addition, 2017 will be a year of CRM System evolution. CRM is the cash register for utility and is slated for a \$4 million (split over two years) upgrade. DMWW’s current CRM system was implemented 12 years ago, and other applications used by staff cannot “talk” with our CRM. There is a need to upgrade CRM for applications to work, as well as to add additional features for customer service staff and customers. Mr. Bruner noted the Information Technology Department’s 2017 operational budget will remain status quo; however, communication costs (include remote technology) are slightly increasing. IT will also transition to support EAM in 2017. The 2017 capital budget for IT will be \$2.36 Million, which includes first half of CRM project, EAM projects, and storage area network reinvestment. Mr. Garnett reported Human Resources’ focus in 2017 will include reviewing and updating DMWW’s mission, vision, and core value statements, with the assistance from an outside contractor, continued focus on diversity initiatives, employee training and development, and performance management/employee development plans.

Closed Session – At 4:31 p.m., Mr. Carlson made a motion, seconded by Ms. Gearhart, 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 case concerning nitrate pollution 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.

At approximately 5:00 p.m., the meeting returned to open session. No action was taken as a result of the closed session.

Adjournment – Adjourn by unanimous consent. Meeting adjourned at 5:00 p.m.

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

Tuesday, October 4, 2016
3:40 p.m.

Present:

Board Members: Dave Carlson, Marc Wallace

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

1. Information Technology Security – Mr. Bruner discussed cyber security and what Des Moines Water Works is doing to protect important information and systems from cyber threats. Today’s threats are more sophisticated than ever before. We protect our technology and data in the same way we secure our homes. This includes firewalls, intrusion detection systems, access control, patch management and malware protection. We also educate end users (employees) to protect against risks and threats. Mr. Stowe noted various kinds of sensitive information that needs to be protected. The defense against threats must get better. October is National Cybersecurity Awareness Month. IT staff will be educating employees to “stop, think, connect” as part of a national campaign.
2. CEO and General Manager’s Comments – Mr. Stowe reported on a recent staff decision to move toward removing telecommunications facilities off utility property; however, it will take time as siting agreements expire.

Mr. Corrigan presented Raccoon Valley Little League’s plan to install a play system on leased Water Works Park property. They do upgrades to their complex at their risk in the event of our need for them to vacate the property. The current lease extension is up for renewal in December 2016, along with the other two Water Works Park leased properties – Soccer South and Little All-American Football. Mr. Stowe noted that the proposed play system provides a positive upgrade for the complex, without DMWW cost or maintenance of the property. The proposed upgrade does not interfere with Water Works Park Master Plan.

Mr. Corrigan gave a brief overview of DMWW’s geographic information system (GIS).

3. Public Comments – None.

Meeting adjourned at 4:50 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, October 11, 2016

3:30 p.m.

Present:

Board Members: Leslie Gearhart and Susan Huppert

Staff Members: Ted Corrigan, Peggy Freese, Donna Heckman, Michelle Holland, Amy Kahler, Laura Sarcone, and Jennifer Terry

1. 2017 Corporate Insurance Renewals – Ms. Freese introduced Mr. Scott Scheidel from insurance broker, Arthur J. Gallagher Risk Management Services, to discuss insurance renewals for 2017, including property, general liability, D&O/employment practices liability, and workers compensation. Ms. Freese stated the total cost of renewing coverages will increase from \$822,695 (in 2016) to \$896,837. Ms. Huppert noted the insurance renewals will be presented to the Board of Trustees at the October 24, meeting.
2. Proposed 2017 Water Rates – Proposed 2017 water rates were discussed. Action on 2017 water rates will be taken by the Board of Trustees at the October 24, meeting. As discussed in previous committee meetings, staff's recommendation is to increase rates 10% for most service areas. Mr. Corrigan explained how water rates are used to fund capital projects throughout for the utility – including main replacement and water treatment operations in order to meet drinking water standards. Ms. Kahler highlighted the benefits of a new Customer Relationship Management (CRM) system, including large print bill statements, language translation, enhanced customer portal with data, and staff analytics, etc.
3. Proposed 2017 Budget – Ms. Freese stated the Board of Trustees will set a Public Hearing for the 2017 Budget at the October Board meeting. Ms. Holland reviewed projected 2017 revenue, additional funding, and expenses, as well as highlighted department statistics. Total revenue for 2017 is budgeted to be \$62 million, up \$2.6 million compared to the 2016 budget. Water pumpage is budgeted at 17 billion gallons, which is the same as the 2016 budget. An anticipated 10% rate increase for almost all service areas is included in the 2017 revenue budget. Additional funding for 2017 of \$16 million includes unspent funds that have been carried over from the prior year's budget and funding from outside entities, including Water Works Park Foundation. Total operating expenses of \$41.6 million are proposed for 2017. This is an increase of \$1 million from the 2016 budget. Total capital expenditures are budgeted at \$29.6 million. Additional funding sources (mentioned previously) account for \$16 million, leaving \$13.6 million of capital projects to be funded from the utility's revenue. Ms. Freese noted the Payment in Lieu of Taxes (PILOT) is budgeted at \$950,000 in 2017; however, that is likely to change depending on what agreement with the City of Des Moines is reached. Ms. Freese also pointed out the contribution to Greater Des Moines Partnership is proposed to be budgeted at \$25,000 in 2017 (versus \$50,000 in previous years). Ms. Huppert would like to bring the Greater Des Moines Partnership contribution amount to the full Board for discussion.
4. CFO's Comments – Ms. Freese noted 2016 pumpage is on track versus projections, despite this being a relatively wet year. Ms. Freese also noted nitrate concentration levels are up –

9.5 mg/L or higher on the Raccoon River at several United States Geological Survey (USGS) monitoring sites. Normal operations are continuing without running the nitrate removal facility. Staff has agreed to continue to fund USGS nitrate monitoring sites on the Des Moines and Raccoon Rivers through the winter. Typically, USGS does not operate the monitoring sites during winter months, but, the data from the sites are very important in tracking and predicting nitrate concentration levels for operational purposes.

5. Public Comments – None.

Meeting adjourned at 4:35 p.m.