

**CALLED MEETING OF THE BOARD OF WATER WORKS TRUSTEES
HELD AT THE OFFICE OF THE DES MOINES WATER WORKS
PURSUANT TO NOTICE, TUESDAY,
September 26, 2017**

Present: Chairperson Susan R. Huppert, presiding; Mr. David A. Carlson, Mr. Graham R. Gillette, and Mr. Marc R. Wallace. Staff members attending were: Pat Bruner, Ted Corrigan, Peggy Freese, Doug Garnett, Amy Kahler, Webster Kranto, Dan Klopfer, Mike McCurnin, Laura Sarcone, and Bill Stowe. Also in attendance Rick Malm, legal counsel; Craig Robinson, Concordia Group; Jason Mumm, FCS Group.

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

Consent Agenda – A motion was made by Mr. Gillette, seconded by Mr. Wallace to approve Consent Items A, B, C, D, and E (approval of Minutes, August 22, 2017, Board of Water Works Trustees Meeting; Minutes, September 12, 2017, Finance and Audit Committee Meeting; Minutes, September 19, 2017, Customer Relations Committee Meeting; Filing of the financial statements for audit purposes; Payments for August 2017; Summary of CEO-Approved Expenditures in Excess of \$20,000; and approval of October 24, 2017, 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.

Request Authorization to Solicit Bids for 2017 Crystal Lake Access Gates and Establish the Date of the Public Hearing– Mr. Stowe asked the Board to amend the action for this item to provide for the date of the Public Hearing as the November 2017 Board Meeting instead of the October meeting. Mr. Stowe noted there currently is a manual gate at Crystal Lake and this project would replace it with a card-activated, automatic gate. A motion was made by Mr. Gillette, and seconded by Mr. Carlson to authorize staff to solicit bids for 2017 Crystal Lake Access Gates and establish the date of Public Hearing as the date of the November 2017 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 Permission to Establish the Date of Public Hearing for Polk County Request for Saylorville Water Treatment Plant Land Transfer and Temporary Easement as the Date of the October 2017 Board Meeting – Mr. Stowe stated road construction work is being completed by Polk County, adjacent to the Saylorville Water Treatment Plant and this gives Des Moines Water Works an opportunity to elevate the entrance to the Saylorville Water Treatment Plant to give better access during high water events. An expansion of the existing right of way is needed for this improvement, which can be accommodated by a transfer of a portion of the Water Works property to Polk County. A motion was made by Mr. Carlson, and seconded by Mr. Gillette to establish a Public Hearing as the date of the October 2017 Board meeting regarding the transfer of a parcel of Water Works property to Polk County for right of way, and to 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.

2017 Des Moines Water System Improvements – Contract 3 – A Public Hearing was opened by Chairperson Huppert for comments from the public regarding 2017 Des Moines Water System Improvements – Contract 3. No oral or written public comments were received. The Public Hearing was closed. A motion was made by Mr. Carlson, and seconded by Mr. Gillette for adoption of the proposed form of contract, plans and specifications, and estimated cost. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion. Mr. Stowe reviewed the bids from the five responsive bidders. The lowest bidder was Holbrook Construction at \$174,180.55. The engineer's estimate for this contract was \$156,000. A motion was made by Mr. Gillette, and seconded by Mr. Carlson to award the 2017 Des Moines Water System Improvements – Contract 3 to Holbrook Construction, Inc., in the amount of \$174,180.55, 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.

Receive and File Des Moines Water Works Long Range Plan 2017 – Mr. Stowe noted an 18-month long range planning process to look at Central Iowa water needs through 2040 has been completed and is reflected in a final report entitled the Des Moines Water Work Long Range Plan 2017. A DropBox link has been provided to review the final report. A motion was made by Mr. Gillette, and seconded by Mr. Wallace to receive and file Des Moines Water Work Long Range Plan 2017. Ms. Huppert thanked staff for their extensive work. 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. Gillette reported the Finance and Audit Committee met on September 12, 2017, and discussed preliminary 2018 water rates. He commented that the staff and Board have an opportunity on how to present water rates and the upcoming budget for our retail water customers and suburban customers. Mr. Stowe noted the Finance and Audit Committee reviewed staff's recommendation of 7% water rate increase for most customers. Staff has presented Cost of Service and preliminary water rate recommendation to wholesale water customers.
- Mr. Gillette noted the Customer Relations Committee met on September 19, 2017, and updates were given on regional issues, including Ms. Huppert's report on the first Central Iowa Regional Water Utility working group, the process, and deliverables from the outside consultant, Jason Mumm, of FCS Group.
- Mr. Stowe reported that staff met with Greater Des Moines Botanical Garden for an annual update. Stephanie Jutila requested an opportunity to make a presentation to the Board in February.
- Mr. Wallace provided an update on the Des Moines Water Works Park Foundation. The process for construction, public improvement and maintenance was discussed.

Board Discussion on Central Iowa Regional Water Efforts – Mr. Gillette stated that while regional water discussions are complex, protection of the region's water resource is our common goal. He noted that while it may be premature to talk about governance structure options, it is a worthy discussion as it could spur dialogue within this Board on what we may see as our roles as board members. We want to manage the resource of water while protecting the health and well-being of those we serve as affordably as possible. We need to decide as individual board members, and as a body, that should a new regional group be formed, what will this regional group's charter contain, and how will this body protect the interests of those we serve? Mr. Gillette asked the full Board to discuss regional goals and outcomes. Mr. Wallace provided some feedback he has received in the community; however, he and Mr. Carlson would like more time to review information. Ms. Huppert noted there is no pre-determined outcome. The working group meets every-other Wednesday, at 7:30 a.m., at Urbandale City Hall. Ms. Huppert introduced the outside facilitator, Jason Mumm, from FCS Group. Mr. Mumm commented on the tremendous level of engagement that has occurred. Mr. Mumm stated he has identified and prioritized 20 preliminary issues/categories. By the end of the year, a final document will be provided to guide the participating communities forward. He noted the agreed-upon Guiding Principles have been incredibly helpful. Ms. Huppert asked each Board member to meet with Mr. Mumm for individual discussions.

CEO and General Manager's Comments –

- Mr. Stowe mentioned staff is continuing to address water quality concerns, including increased monitoring and analysis, which go beyond required regulatory mandates, for cyanotoxins.
- Mr. Stowe commented on the two constituents he is particularly attentive to during regional discussions: Des Moines ratepayers and employees.

Ms. Huppert called the Board's attention the Contract Status Spreadsheet and August 2017 Lien Certification and Reversals in the Board's packet.

Adjournment –Meeting adjourned at 4:50 p.m. by unanimous consent.

After Board Meeting Presentations: Department Budget Overview – Mr. Stowe reminded the Board water rate recommendations will come before the full Board in October, and budget recommendation in November. Ms. Freese presented an overview of the 2018 budget outlook for Finance, Human Resources, and Information Technology. Ms. Kahler presented for Customer Service, Mr. Klopfer presented for Engineering, Mr. McCurnin presented for Water Production, and Mr. Corrigan presented for Water Distribution. Mr. Corrigan commented on utility succession planning, knowledge transfer, and staff development.

Ms. Huppert noted Mr. Garnett will send the annual review form to the Board for the CEO and General Manager's annual review in October.

Meeting ended at 5:39 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 3, 2016
3:30 p.m.

Present:

Board Members: Dave Carlson, Marc Wallace

Staff Members: Ted Corrigan, Kyle Danley, Peggy Freese, Amy Kahler, Laura Sarcone, Bill Stowe

Also Present: Craig Robinson, Concordia Group

1. Saylorville Water Treatment Plant Flood Protection Improvements with Polk County – Mr. Danely provided historical data and aerial visuals from the flood of 1993, at Fleur Drive Treatment Plant, and the flood of 2008, at the Fleur Drive and Saylorville Water Treatment Plants. Access to the Saylorville Water Treatment Plant (“SWTP”) during the 2008 flood was restricted due to NW 26th Street and the SWTP entrance being under flood water, ranging from a few inches to over 1.5 feet. The floor elevation of the SWTP is 3 feet above the highest flood on record, but the existing road providing access is below the 100-year flood elevation. Polk County is reconstructing and widening NW 26th Street and NW 66th Avenue to safely accommodate existing and projected traffic volumes between NW Beaver Drive and NW 26th Street. This project will be constructed in three phases that began in 2016 and are anticipated to be completed by 2019. Phase 3 involves pavement reconstruction east of the bridge, including NW 26th Street next to the SWTP. This phase of the project is anticipated to begin in 2018. Earlier this year, DMWW staff worked with Polk County and its engineering consultant to determine the feasibility and cost to raise NW 26th Street from the SWTP entrance to north of NW 66th Avenue. It was determined that the new roadway could be raised as part of the reconstruction project to accommodate access to the plant during a 100-year flood for approximately \$400,000. As determined by the recently completed Long Range Plan, projected customer demand in the metro area will significantly increase over the next few decades, increasing the importance of the SWTP to water supply security. Therefore, maintaining access to the treatment plant during flooding conditions is very important to meeting projected customer demand. Mr. Stowe stated that with Polk County reconstructing the roadway now, we can raise the road at a more affordable cost than if we were to do this in the future. Mr. Klopfer noted this project will go to the Board in October for approval of a 28E Agreement with Polk County, and for approval of a transfer of a parcel of Water Works property to Polk County for the expanded right of way required for the project. Approval of a temporary easement for construction will also be requested.

2. CEO and General Manager’s Comments – Mr. Stowe provided updates on the regionalization process, including the addition of two public workshops before the regularly-scheduled Wednesday morning meeting. Staff will provide the Board with a recommendation on issues prior to the workshops. Mr. Stowe noted customer water demand is average for fall and that staff remains vigilant with cyanobacteria concerns. Mr. Corrigan spoke about an upcoming corrosion evaluation of a 36-inch feeder main in West Des Moines. Mr. Stowe noted that we are analyzing our above and below ground assets, in this case an important core network asset, before they “run to fail.” Mr. Wallace commented with regard to regional

water discussions that it is important for us to have a definition of what the need is regionally.

3. Public Comments – No comments from the public.

Meeting adjourned at 4:24 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 10, 2017
3:30 p.m.

Present:

Board Members: Graham Gillette, Susan Huppert

Staff Members: Peggy Freese, Doug Garnett, Michelle Holland, Amy Kahler, Bill Stowe
and Michelle Watson

Also in attendance: Craig Robinson, Scott Scheidel, Vern Willey

1. Employee Flexible Benefit Pre-Tax Plan Amendment – DMWW’s Employee Flexible Benefit Pre-Tax Plan has not been amended since 2003, and staff found a need to amend it to deal with the tax-deferred nature of the Section 125 plans. A proposed plan restatement will be provided in the October Board packet in its entirety.
2. 2018 Employee Benefit Insurance Renewals – This is the fourth year of partnering with the City of Des Moines for medical insurance. There will be no increase for medical insurance in 2018. DMWW experienced a 6% increase in 2017; a 3% increase in 2016; and a decrease of 4.7% in 2015. The allocation of payment of health insurance premiums between DMWW and employees is established by the union contract. The DMWW contribution toward the health insurance premium for 2018, will be \$500.00 for single and \$1,375.00 for family. These increases are set in the negotiated contract and are given to both union and non-represented employees. DMWW has added gender identity disorder and gender transition procedures coverage at no increase. Retiree medical insurance will increase 2%, which was the same as 2017. Dental insurance will have no increase. Dental insurance had a 5% increase in 2017. Delta Dental of Iowa is the claims administrator on our self-insured dental plan. Life/AD&D and Long Term Disability (LTD) insurance is partnered with the City of Des Moines as well. Term life rates will increase by 1.1%. The AD&D rates will remain the same, and LTD rate will increase by 9.5%.
3. 2018 Corporate Insurance Renewals – Ms. Freese introduced Mr. Scott Scheidel from insurance broker, Arthur J. Gallagher Risk Management Services, to discuss insurance renewals for 2018, including property, general liability, D&O/employment practices liability, and workers compensation. Ms. Freese stated the overall increase cost of renewing coverages is \$43,220. Cost of coverages will increase from \$883,993 (in 2017) to \$927,213. DMWW has 2 recordable workers compensation injuries in 2017, down from 12 in 2016. Mr. Gillette suggested an employee recognition activity or event for the lower number of employee injuries.
4. Proposed 2018 Budget – Mr. Stowe stated the Board of Trustees will set the Public Hearing for the 2018 Budget at the October Board meeting. Ms. Holland reviewed projected 2018 revenue, additional funding, and expenses, as well as highlighted department statistics. Total revenue for 2018 is budgeted to be \$63.9 million, up \$1.9 million compared to the 2017 budget. Water pumpage is budgeted at 17.0 billion gallons, which is the same as the 2017 budget. An anticipated 7% rate increase for most service areas is included in the 2018

revenue budget, taking effect on April 1, 2018. Additional funding for 2018, of nearly \$18.5 million includes unspent funds that have been carried over from the prior year's budget and funding from outside entities, including Norwalk, Cumming, West Des Moines, Waukee, and Polk City. Funding from the Water Works Park Foundation to equally offset capital expenditures for the Park are included in this budget. Total operating expenses of \$43.4 million are proposed for 2018. This is an increase of \$1.7 million, or 4.2%, from the 2017 budget. Total capital expenditures are budgeted at \$33.2 million. Additional funding sources (mentioned previously) account for \$18.5 million, leaving \$14.7 million of capital projects to be funded from the utility's revenues. Debt service obligations of \$4.3 million in 2018 represents wholesale customers who participated in the bond issues as well as DMWW's obligations. Operating reserves are budgeted at \$1.5 million in 2018, which includes \$500,000 budgeted each year to increase reserves due to increases in operating expenses, along with a \$1 million restore to reserves previously utilized due to a revenue shortfall in 2015. This is the final year of making up for the 2015 revenue shortfall. Mr. Gillette requested that Ms. Holland share this presentation at the November Board Meeting.

5. CEO's Comments – Mr. Stowe had no comments.
6. Public Comments – No comments from the public.

Meeting adjourned at 4:19 p.m.