

(Amy Kahler, Des Moines Water Works, 2201 George Flagg Parkway, Des Moines, IA 50321, 515-283-8760)

Meeting
CENTRAL IOWA REGIONAL DRINKING WATER COMMISSION
Waukee Public Library
Tuesday, October 26, 2010
6:00 p.m.

1. Chair Items - Commission Chair E.J. Giovannetti called the meeting of the Central Iowa Regional Drinking Water Commission to order at 6:10 p.m. and welcomed all in attendance. Present were:

City of Altoona – Vern Willey (EX-O)

City of Ankeny – Tom Strait (Rep)

City of Bondurant – Mark Arentsen (EX-O)

City of Carlisle – None

City of Clive – Scott Cirksena (Rep), Bart Weller (EX-O)

City of Cumming – None

City of Johnston – David Lindeman (Rep), Brian Wilson (EX-O)

City of Mitchellville - None

City of New Virginia - None

City of Norwalk – Doug Pierce (Rep)

City of Panora - None

City of Pleasant Hill – Mike Daspit (Rep)

City of Polk City – Mike Schulte (Rep)

City of St. Charles - None

City of Waukee – Casey Harvey (Rep), John Gibson (EX-O)

City of Windsor Heights – Louise Moon (Rep)

Des Moines Water Works – Bob Riley (Rep), Gary Benjamin (Alt EX-O), Amy Kahler (Staff), Linda Kinman (Staff)

Indianola Municipal Utilities – Todd Kielkopf (EX-O)

Polk County – E.J. Giovannetti (Rep)

Urbandale Water Utility – John McCune (Rep), Dale Acheson (Alt EX-O)

Warren Water District – None

West Des Moines Water Works – Karen Novak Swalwell (Rep), Jim Wallace (Alt Rep), Jerry Stevens (EX-O)

Xenia Rural Water – None

Also attending was Rick Malm, Des Moines Water Works' legal counsel.

Motion was made by Bob Riley, seconded by Louise Moon, to approve minutes of the August 18, 2010, Special Meeting. Upon vote, motion carried.

Motion was made by John McCune, seconded by Tom Strait, to approve minutes of the September 30, 2010 Special Meeting. Upon vote, motion carried.

2. Amended and Restated 28E – Amy Kahler provided the Commission with a status update on the Amended and Restated 28E. Ms. Kahler reported twelve communities, representing a simple majority of the Commission, have submitted their Ballots and Acceptance Forms. Because a majority has been received, Rick Malm will proceed with filing the Amended and Restated 28E, at which time it will become effective. Ms. Kahler encouraged communities who had not yet responded to present the 28E to their Councils or Boards and submit the necessary forms in order to remain a member of CIRDWC. The deadline for submissions is December 31, 2010.

3. Revised Bylaws - Rick Malm reviewed the proposed revisions to the CIRDWC Rules and Bylaws. He outlined the key changes as follows:

- Article I specifies that the revised Rules and Bylaws go into effect on the Effective Date of the new 28E Agreement.
- Article II adds source water issues to the purposes of CIRDWC as set forth in the new 28E Agreement.
- Article IV, Article V, and Article VI are substantially re-written to conform to the new 28E Agreement provisions pertaining to governance, and in particular to implement the Governing and Non-Governing Member provisions.
- Article VII is re-written to implement the new 28E provisions, and to streamline the duties of the officers in view of the proposed implementation of a Fiscal Agent relationship to handle CIRDWC funds. A new position of Recording Secretary is created to reflect the actual administrative practice of reliance upon Des Moines Water Works staff for administrative duties.
- Articles VIII, IX, X, and XI are revised to conform to the new 28E Agreement and to clarify and conform procedures and practices for meetings.
- Article XII is revised to conform to the new 28E Agreement, and to provide for a Fiscal Agent. Section 3 provides for authority of the Governing Board over expenditures but allows two members of the Executive Committee to direct authorized expenditures. The Recording Secretary is given authority for authorized items of up to \$200 each, subject to a quarterly limit of \$1,000.
- Articles XIII and XVI have changes to conform to the new 28E Agreement and other Rule and Bylaw changes.

E.J. Giovannetti indicated the Rules and Bylaws will be brought forward for vote of the Governing Board at the January meeting.

4. Fiscal Agent Agreement with Des Moines Water Works – Rick Malm reviewed the draft Fiscal Agent Agreement with Des Moines Water Works. Mr. Malm did state he has a conflict of interest, as he prepared the draft agreement on behalf of CIRDWC, but is Legal Counsel for DMWW. As such, Chair Giovannetti has requested that the Polk County Attorney review the agreement on behalf of CIRDWC and provide an opinion letter as to the legality of the agreement and its form.

Rick reviewed the draft agreement, clarifying that because governing members will pay dues, there becomes the need for a process by which funds can be received and disbursed. Des Moines Water Works will handle all funds under the direction of the CIRDWC Treasurer and will provide quarterly reports to the Commission. The agreement outlines fees of \$50/hour, not to exceed \$500 annually.

Scott Cirksena thanked Des Moines Water Works for the services provided on a gratis basis thus far. E.J. Giovannetti indicated the Fiscal Agent Agreement will be brought forward for vote of the Governing Board at the January meeting.

5. Iowa's Water & Land Legacy (IWLL) - Bob Riley provided the Commission with an overview of the proposed Iowa's Water & Land Legacy (IWLL) that will be an issue on the ballot in the upcoming elections. Mr. Riley reported there are 500 rivers and streams on Iowa's list of impaired waterways, and IWLL establishes a trust fund to improve water quality and soil conservation, among other environmental initiatives. Mr. Riley indicated CIRDWC support for IWLL is consistent with CIRDWC's mission of influencing public policy on source water related issues. He clarified demonstrating support for IWLL is not demonstrating support for a tax increase. If IWLL is passed in the next general election, the first 3/8 cent of any future sales tax increase will be appropriated towards this trust fund. Mr. Riley offered that critics of the trust fund have argued that it ties the hands of future legislators, but countered the benefits of the proposed trust fund are necessary to take a step towards remedying the state's environmental concerns related to water quality.

Motion was made by Louise Moon that the Commission provide a letter of support for Iowa's Water and Land Legacy, seconded by Scott Cirksena. Upon vote, 9 Commission members were in favor and 3 were opposed. Motion carried.

6. Executive Committee Report - E.J. Giovannetti reported rate increases recently passed by DMWW have been a focus for the Executive Committee. Mr. Giovannetti indicated he and Scott Cirksena attended every DMWW Board and Committee meeting discussing rates to provide input on behalf of CIRDWC and requested the Board moderate any rate increases. Given that 52% of DMWW pumpage is sold to the political subdivisions, he expressed frustration that CIRDWC's input and requests were not considered by the DMWW Board and requested that Bob Riley provide an overview of the process and rationale behind the decision to raise rates 20% for the purchased capacity rate class.

Mr. Riley emphasized that DMWW is a regional water provider and values its partnership with the political subdivisions, as economies of scale are recognized for political subdivision customers as well as Inside City DM customers. He emphasized CIRDWC's recent efforts to plan and collaborate on regional projects, such as the Saylorville Water Treatment Plant and the Joint Eastside Elevated Tank, mutually benefits all parties. Mr. Riley indicated he is supportive of changes to the governance structure of DMWW to allow for more participation from the political subdivisions, but clarified it is a significant issue and will take time to change. Related to rates, he reiterated the utility's "pay-as-you-go philosophy for capital infrastructure and emphasized the utility cannot cross subsidize among rate classes. Mr. Riley reported that decreased consumption in the past 4 years has significantly reduced revenues available for capital and capital has been underfunded during that time period. Rate increases are necessary in order to maintain a healthy infrastructure and to avoid burdening future generations with a deteriorated system. He indicated the DMWW Board is responsible for building a rate structure that takes a responsible approach for generating revenues sufficient to sustain healthy operations, and the Board believed a 3-year plan for rate increases best met that objective. He emphasized DMWW has a comprehensive and objective approach to rate setting in their Cost of Service Study, and the issue of rates was heavily discussed at Finance & Audit and among all Board members.

Scott Cirksena offered that there seems to be a stigma associated with a rate increase of 20%, and questioned why the Board could not support a slightly lower increase of 15%. He echoed Chair Giovannetti's frustrations that CIRDWC's concerns have not been heard by the DMWW Board, and offered that, while he understands the underlying philosophies and that rate increases are necessary, it seems a more moderate approach to increases (extending them over a longer period of time), could have been more seriously considered. He emphasized that CIRDWC representatives answer to their own constituents in regards to rate increases, and he would like to work to increase transparency. Mr. Cirksena asked if a CIRDWC member could be appointed as an ad-hoc, non-voting member of the DMWW Board to formalize the relationship between DMWW and CIRDWC. Mr. Riley indicated he was unsure of any legal issues to that arrangement, but it could be further explored.

E.J. Giovannetti suggested that CIRDWC form a technical ad-hoc committee to work with DMWW staff throughout their Cost of Service Study and rate setting processes, suggesting this would increase transparency and would better educate the Commission. He also indicated Governance should remain as a priority for the Commission. There was some discussion on the effectiveness of this approach, with several Commission members articulating that the communication issues are at the Board level, not DMWW staff level.

Mr. Giovannetti wrapped up the discussion by indicating the Executive Committee would continue to discuss these ideas.

7. **General Discussion** – None

8. **Adjournment** - The meeting was adjourned by the Chair at 7:35 p.m.