

**MINUTES OF CALLED MEETING OF THE BOARD OF WATER WORKS TRUSTEES
PURSUANT TO NOTICE
Tuesday, October 31, 2023**

Present (or Participating by Video or Audio Conference Link):

Board Members: Chairperson Ms. Andrea Boulton, presiding; Mr. Alec Davis, Mr. Graham Gillette, Ms. Susan Huppert, and Ms. Diane Munns

Staff members: Rick Baldon, Scott Bierman, Pat Bruner, Caitlin Caldwell, Nathan Casey, Ted Corrigan, Kyle Danley, Doug Garnett, Amy Kahler, Mike McCurnin, Jenny Puffer, Laura Sarcone, Michelle Watson, and Dylan White

Also in attendance: John Lande and Rick Malm (legal counsel)

Chairperson Ms. Andrea Boulton called the meeting to order at 3:30 p.m.

Consent Agenda

A motion was made by Mr. Gillette, seconded by Ms. Huppert, to approve Consent Items A, B, C, D, and E (Approval of Minutes, September 26, 2023, Board of Water Works Trustees Meeting; Minutes, October 3, 2023, Finance and Audit Committee Meeting; Minutes, October 10, 2023, Planning Committee Meeting; Receipt and filing of the financial statements for audit purposes; Approval of Payments for September 2023; Approval of Summary of CEO-Approved Expenditures in Excess of \$40,000; and Approval of November 28, 2023, as the next meeting of the Board of Water Works Trustees). Upon vote, the motion was adopted, with each member of the Board listed above as present voting in favor of the motion.

Public Comment Period

Regional Governance - Mr. Corrigan provided an update on regionalization.

2024 Corporate Insurance

Proposed 2024 insurance coverages and premiums were presented. As proposed, DMWW's corporate insurance renewal rates for 2024 will increase from \$1,247,361 (for 2023) to \$1,368,441.

A motion was made by Mr. Gillette, seconded by Ms. Munns to accept insurance program renewal submitted by AssuredPartners as presented. Upon vote, the motion was adopted, with each member of the Board voting in favor of the motion.

Receive and File Cost of Service Report

At the recommendation of Raftelis, DMWW has been using a forward-looking revenue requirements Cost of Service model. Staff has input the proposed 2024 budget into the Raftelis Cost of Service model. The result of that analysis is the basis for the 2024 rate setting discussions and was the basis for rates presented at the October 2023 Finance & Audit Committee Meeting.

Staff has prepared an executive summary report of the cost of service results using the 2024 budget numbers. Figure 14 summarizes the cost of service (budget) and anticipated revenues (rates) by service area. The Raftelis model assigns the costs attributable to peaking based on the demands each customer places on the system and calculates costs for wholesale customers as a class, as well as by individual wholesale customer. While we use actual peaking data for each wholesale customer, the model uses a calculated peak day to allocate costs to the retail and full service customer classes.

Figure 14: Cost of Service Results

<u>Customer</u>	<u>Cost of Service</u>	<u>4/1 Proposed Rate Increase</u>	<u>2024 Projected Revenue</u>	<u>COS Recovery</u>
Retail				
Des Moines Inside City	\$ 39,193,127	6%	\$ 38,096,872	97%
Des Moines Outside City	2,776,039	10%	1,402,777	51%
Total: Retail	\$ 41,969,167		\$ 39,499,649	94%
Full Service				
Polk County	\$ 7,040,886	6%	\$ 7,840,259	111%
Runnells	170,884	6%	180,601	106%
Cumming	149,091	6%	151,030	101%
Alleman	108,515	6%	136,741	126%
Pleasant Hill Inside City	3,004,447	6%	3,130,036	104%
Pleasant Hill Outside City	5,614	10%	3,882	69%
PCRWD	189,598	10%/\$1 Avail Inc	170,876	90%
Berwick	262,243	10%/\$1 Avail Inc	188,513	72%
Windsor Heights	954,049	6%	1,067,435	112%
Less: Future FS Capital Costs	(2,091,160)			
Total: Full Service	\$ 9,794,166		\$ 12,869,373	131%
Wholesale - PC				
Altoona	\$ 180,200	6%	\$ 40,280	22%
Ankeny	6,378,107	6%	7,648,726	120%
Bondurant	628,720	6%	690,627	110%
Clive	2,650,707	6%	2,428,718	92%
Norwalk	1,402,717	6%	1,237,379	88%
Waukee	2,522,730	6%	2,376,923	94%
Urbandale	6,641,319	6%	5,853,085	88%
Warren Rural Water	1,985,883	6%	2,175,492	110%
West Des Moines	4,274,685	6%	3,274,735	77%
Xenia	2,135,498	6%	2,503,528	117%
Polk City	504,774	6%	402,865	80%
Total: Wholesale - PC	\$ 29,305,339		\$ 28,632,358	98%
Wholesale with Storage				
West Des Moines - Storage	\$ 110,175	3%	\$ 30,372	28%
Johnston	3,566,096	3%	3,697,979	104%
Water Development Co	68,319	3%	83,532	122%
Total: Wholesale with Storage	\$ 3,744,591		\$ 3,811,883	102%
Total: Utility	\$ 84,813,263		\$ 84,813,263	100%

Staff will distribute the cost of service report to wholesale and Total Service customers once accepted by the Board of Trustees.

A motion was made by Mr. Gillette, and seconded by Mr. Davis, to receive and file the Cost of Service Study. Upon vote, the motion was adopted, with each member of the Board voting in favor of the motion.

Approval of Proposed 2024 Water Rates

Proposed 2024 water rates were discussed at the October Finance and Audit Committee meeting

Retail Rates

Staff recommends a 6% rate increase for Des Moines and most other retail customers, with a few exceptions as detailed in the board materials. Based on Cost of Service cost recovery percentages, staff recommends a 10% increase for Des Moines Outside City customers, Polk County Rural Water District, and Berwick service area. Staff recommends no increases in capital improvement fees or water availability charges for 2024.

Wholesale Rates

Staff recommends maintaining the current rate structure for 2024 wholesale rates. In light of Cost of Service results also discussed at Finance & Audit, staff recommends a 6% increase in the wholesale Purchased Capacity rate, and a 3% increase in the wholesale With Storage rate. Rates for all customer classes have significantly improved in their alignment with costs since 2020, when DMWW began a 3-year phase in of rate adjustments to more closely align revenues with the costs to serve each customer class.

Water rates and capital improvement fees by customer class are summarized in the attachment. Water availability charges by service territory and meter size are also summarized. Proposed rates will take effect April 1, 2024.

A motion was made by Ms. Munns, seconded by Mr. Gillette to approve the proposed rates as presented to be effective for all water bills issued on or after April 1, 2024, and to direct staff to publish the adopted rates as provided by law as follows:

	2023	2024	Increase	Percent Increase	Dollar Monthly Increase for Avg. Home With:	
	Rate Per 1,000 Gallons	Rate Per 1,000 Gallons			2 Person 3,750 gal	4 Person 7,500 gal
Des Moines Inside City						
Residential (Step 1)	\$5.64	\$5.98	\$0.34	6.00%	\$1.28	\$2.55
Commercial (Step 2)	3.79	4.02	0.23	6.00%		
Industrial (Step 3)	2.91	3.08	0.17	6.00%		
Capital Improvement Fee						
Step 1	\$0.25	\$0.25	\$0.00	0.00%	\$0.00	\$0.00
Step 2	0.17	0.17	0.00	0.00%		
Step 3	0.13	0.13	0.00	0.00%		
Des Moines Outside City						
Residential (Step 1)	\$6.82	\$7.50	\$0.68	10.00%	\$2.55	\$5.10
Commercial (Step 2)	5.13	5.64	0.51	10.00%		
Industrial (Step 3)	3.66	4.03	0.37	10.00%		
Off Peak	3.03	3.33	0.30	10.00%		
Polk County						
Residential (Step 1)	\$11.12	\$11.79	\$0.67	6.00%	\$2.51	\$5.03
Commercial (Step 2)	6.80	7.21	0.41	6.00%		
Industrial (Step 3)	5.31	5.63	0.32	6.00%		
Capital Improvement Fee						
Step 1	\$1.50	\$1.50	\$0.00	0.00%	\$0.00	\$0.00
Step 2	0.92	0.92	0.00	0.00%		
Step 3	0.71	0.71	0.00	0.00%		
Pleasant Hill						
Residential (Step 1)	\$10.34	\$10.96	\$0.62	6.00%	\$2.33	\$4.65
Commercial (Step 2)	8.72	9.24	0.52	6.00%		
Outside City	17.72	19.49	1.77	10.00%	\$6.64	\$13.28
Windsor Heights	\$5.75	\$6.10	\$0.35	6.00%	\$1.31	\$2.63
Capital Improvement Fee	2.00	2.00	0.00	0.00%	\$0.00	\$0.00
PCRWD #1	\$5.42	\$5.96	\$0.54	10.00%	\$3.03	\$5.05
Berwick	\$4.62	\$5.08	\$0.46	10.00%	\$2.73	\$4.45
Runnells						
Water	\$9.35	\$9.91	\$0.56	6.00%	\$2.10	\$4.20
Waste Water	10.14	10.75	0.61	6.00%	\$2.29	\$4.58
Cumming	\$9.64	\$10.22	\$0.58	6.00%	\$2.18	\$4.35
Alleman	\$11.45	\$12.14	\$0.69	6.00%	\$2.59	\$5.18
Wholesale						
Purchased Capacity	\$3.39	\$3.59	\$0.20	6.00%		
With Storage	\$4.57	\$4.71	\$0.14	3.00%		

Upon vote, the motion was adopted, with each member of the Board voting in favor of the motion.

Proposed 2024 Budget – Establish Public Hearing as the Date of the November 2023 Board Meeting

The Board conducts a public hearing on its annual budget each year before considering its adoption. A motion was made by Mr. Gillette, seconded by Ms. Huppert, to establish the date of a Public Hearing on the Proposed 2024 Budget as the date of the November 2023 Board meeting and to direct staff to publish notice of such public hearing as set forth in the Des Moines Water Works Board Policy Manual. Upon vote, the motion was adopted, with each member of the Board voting in favor of the motion.

Resolution of Intent to Participate and Authorizing the Inclusion of the Des Moines Water Works in Final Draft Agreement Establishing Central Iowa Water Works

Discussions to form a regional production utility, Central Iowa Water Works (CIWW) have been occurring in earnest since 2017, when representatives from Des Moines Water Works, Urbandale Water Utility and West Des Moines Water Works launched a study into regional governance options. A national financial consultant specializing in utility management was retained. A group representing communities across the metro met in open meetings throughout 2018 and 2019. Throughout 2022 and 2023, several drafts of a 28/28F Agreement have been distributed, revised, and edited based on comments received from all potential members. On September 15th, 2023, the 3rd & Final Draft of the CIWW 28E/28F was distributed and is being reviewed for finalization and creation of an Execution 28E/28F.

A motion was made by Mr. Gillette and seconded by Ms. Huppert, to pass the Resolution of Intent to Participate and Authorizing the Inclusion of the Des Moines Water Works in Final Draft Agreement Establishing Central Iowa Water Works. Upon vote, the motion was adopted, with each member of the Board listed above as present voting in favor of the motion.

Approval of Settlement of Main Break Lawsuit

On April 5-6, 2022, Halbrosk Excavating, Inc. and Iowa Trenchless, LLC were boring underneath NE 14th Street between NE 54th Avenue and NE 58th Avenue. The boring made contact with a critical 24-inch concrete feeder main and caused a break. Des Moines Water Works (DMWW) incurred approximately \$150,000 in costs to complete an emergency main break repair and manage a variety of operational adjustments related to this feeder main being out of service.

DMWW filed a lawsuit against Halbrosk and Trenchless in December 2022 to recover damages for the break. After mediation in September 2023, Halbrosk and Trenchless have proposed to pay DMWW \$100,000 in exchange for mutual releases of claims. Staff recommends accepting the settlement on these terms.

A motion was made by Mr. Gillette and seconded by Ms. Huppert, to accept the settlement proposal and authorize staff to execute settlement and release agreement with Halbrook and Trenchless. Upon vote, the motion was adopted, with each member of the Board listed above as present voting in favor of the motion.

Acceptance of Gallery Valve Chamber Structures Reconstruction – Phase 2

At its May 2022 Board meeting, the Board of Water Works Trustees awarded a contract to Nate Todd Construction, LLC, in the amount of \$498,750 for the Gallery Valve Chamber Structures Reconstruction – Phase 2 project. All work associated with this contract has been satisfactorily completed. The project was completed for the original contract sum without need for change orders. The final contract price for the Gallery Valve Chamber Structures Reconstructions – Phase 2 project is \$498,750.

A motion was made by Mr. Gillette and seconded by Ms. Munns, to accept the Gallery Valve Chamber Structures Reconstruction – Phase 2 project, completed by Nate Todd Construction, LLC. in the amount of \$498,750. Upon vote, the motion was adopted, with each member of the Board voting in favor of the motion.

Request Authorization to Execute the First Amendment Chapter 28E Agreement with the City of Ankeny for Construction and Funding of the Saylorville Water Treatment Plant North Feeder Main

In January of 2007, Des Moines Water Works (DMWW) and the City of Ankeny (Ankeny) executed a 28E agreement calling for the design and construction of Water Utility Improvements which primarily included a 24-inch feeder main along NW 26th St. from NW 66th Ave. to SW Oralabor Road. DMWW staff have referred to this feeder main as the Saylorville Water Treatment Plant North Feeder Main. DMWW and Ankeny, per the 28E agreement, shared capacity in the 24-inch feeder main and the agreement defined a proper cost-share. Other elements of the agreement called for design and construction of assets to be used for the sole benefit of Ankeny. Ankeny paid fully for those elements of the agreement.

Staff approached Ankeny in 2022 to discuss fair compensation for DMWW to surrender to Ankeny its capacity in the original 24-inch feeder main. The amount of \$603,150 was agreed upon, if Ankeny paid within the 2023 calendar year. The First Amendment to the Chapter 28E Agreement with the City of Ankeny for Construction and Funding of the Saylorville Water Treatment Plant North Feeder Main documents the \$603,150 amount and further clarifies issues related to existing and future taps, on-going operations and maintenance, and ownership details. Staff and legal counsel from DMWW and Ankeny have reviewed the proposed amendment.

A motion was made by Ms. Munns and seconded by Mr. Davis, to authorize the Chairperson to execute the First Amendment to the Chapter 28E Agreement with the City of Ankeny for Construction and Funding of the Saylorville Water Treatment Plant North Feeder Main project. Upon vote, the motion was adopted, with each member of the Board voting in favor of the motion.

Request Authorization for CEO and General Manager to Execute Professional Services Agreement with Snyder & Associates, Inc., for Construction Services for the Des Moines Water Works Grounds Maintenance Facility

At its June 2023 meeting, the Board of Water Works Trustees authorized staff to solicit bids for the Des Moines Water Works Grounds Maintenance Facility project. Eight (8) bids were received and analyzed, and a contract was awarded to Henkel Construction in the amount of \$3,780,900 at the August 2023 Board meeting.

Des Moines Water Works (DMWW) normally uses its own staff to perform construction inspection on such projects. With more aggressive capital spending occurring at DMWW, staff would prefer to acquire construction inspection on this project from an outside resource. This decision will help preserve construction inspection type hours for water main replacement efforts.

A motion was made by Mr. Davis and seconded by Ms. Huppert, to authorize the CEO and General Manager to execute a Professional Services Agreement with Snyder & Associates, Inc., in the amount of \$111,322 for Construction Services for the Des Moines Water Works Grounds Maintenance Facility. Upon vote, the motion was adopted, with each member of the Board voting in favor of the motion.

Request Permission to Establish the Date of Public Hearing for Environmental Review of Aquifer Storage and Recovery (ASR) Well as the Date of the December 2023 Board Meeting

At its December 2022 meeting, the Board of Water Works Trustees authorized the CEO and General Manager to execute a Professional Services Agreement with Strand Associates, Inc., for the 2023 Aquifer Storage and Recovery (ASR) Well design. Strand Associates, Inc., will also provide engineering consulting services throughout the course of construction of the project.

DMWW proposes to further improve its operations by designing and constructing an additional ASR well facility at the Polk County Pumping Station. The project costs are intended to be funded or reimbursed through a loan from the State Revolving Fund (SRF). As a part of the SRF loan application process, the Iowa Department of Natural Resources (IDNR) performs an environmental review for the project. Once the environmental review is completed, the borrower must hold a public hearing to inform the public of the project impacts and provide a forum for the public to present comments. The IDNR has completed the environmental review for the proposed ASR well project and issued an Environmental Information Document (EID) that concluded the project would pose no significant impact.

A motion was made by Ms. Munns and seconded by Mr. Davis, to establish the date of the December 2023 Board meeting as the date of Public Hearing for environmental review of the Aquifer Storage and Recovery (ASR) Well project. Upon vote, the motion was adopted, with each member of the Board voting in favor of the motion.

Request Authorization for CEO and General Manager to Execute Amendment No. 2 to the Professional Services Agreement with HDR Engineering, Inc., for Saylorville Water Treatment Plant Capacity Expansion Design and Construction Services

Staff prepared a Request For Proposals (RFP) for completing the design, bidding support, and construction support of the source, treatment, and finished water pumping elements associated with the 10 MGD expansion at the Saylorville Water Treatment Plant (SWTP). One proposal was received on November 3, 2022, and reviewed by staff. Since this will be considered a regional asset, staff and the CIWW (Central Iowa Water Works) TC (Technical Committee) reviewed the proposal and agreed that the HDR Engineering, Inc. (HDR), and Black & Veatch team were certainly qualified and capable of performing this work. At the December 20, 2022, Board meeting, the CEO and General Manager was authorized to enter into an agreement with HDR for the completion of this important work.

On February 6, 2023, the CEO and General Manager executed a Professional Services Agreement (PSA) with HDR for the SWTP Capacity Expansion project in the amount of \$12,999,057 which included geological work including a variety of soil borings and two interval pump tests. Amendment No. 1 was executed in the amount of \$111,551 and was necessary to allow Black & Veatch, sub-consultant on the project, to perform additional calibrations on the hydrogeologic model provided by United States Geological Survey (USGS) and to keep the project on a timelier schedule. HDR and staff have negotiated the scope and fee associated with a proposed Amendment No. 2 to the original agreement in the amount of \$825,000 for providing up to three 72-hour constant rate pump tests. Staff recommends the Board authorize the CEO and General Manager to execute Amendment No. 2 to the PSA with HDR Engineering, Inc., in the amount of \$825,000.

A motion was made by Ms. Munns and seconded by Ms. Huppert, to authorize the CEO and General Manager to execute Amendment No. 2 to the Professional Services Agreement with HDR Engineering, Inc., in the amount of \$825,000 for the SWTP Capacity Expansion project. Upon vote, the motion was adopted, with each member of the Board voting in favor of the motion.

Request Authorization to Solicit Bids for 2023 FWTP Pump Station HVAC Upgrades and Establish the Date of the Public Hearing as the Date of the December 2023 Board Meeting

The spaces that are generally occupied in the Pumping Station building at the Fleur Drive Water Treatment Plant are currently conditioned with a 21-ton rooftop unit (RTU), terminal air boxes, and controls that were installed in 1989 and are beyond their useful life.

DMWW plans to install a new 20-ton rooftop unit and a dedicated 6-ton unit to serve the control room and server room. The reason for this is the control room is continuously occupied and therefore has different ventilation and energy recovery requirements. Staff recommends the Board authorize staff to solicit bids for the 2023 FWTP Pump Station HVAC Upgrades project and establish the date of the Public Hearing as the date of the December 2023 Board meeting.

A motion was made by Ms. Huppert and seconded by Mr. Davis, to authorize staff to solicit bids for the 2023 FWTP Pump Station HVAC Upgrades project and establish the date of the Public Hearing as the date of the December 2023 Board meeting, and direct staff to publish notice as provided by law. Upon vote, the motion was adopted, with each member of the Board voting in favor of the motion.

Request Authorization to Solicit Bids for 2024 Filter Media Replacement – Fleur Drive Water Treatment Plant and Establish the Date of the Public Hearing as the Date of the December 2023 Board Meeting

At its June 2023 meeting, the Board of Water Works Trustees authorized the CEO and General Manager to execute a Professional Services Agreement with CDM Smith, Inc., for conducting a filtration pilot study for the existing filtration plant at the Fleur Drive Water Treatment Plant. The purpose of this pilot study is to evaluate alternative filter media configurations to address water quality and filtration capacity issues in the existing filtration plant at the Fleur Drive Water Treatment Plant.

While the filtration pilot study is conducted, the filter media in four of the existing sixteen filters needs to be replaced. This is due to the deteriorated condition of the filter media which was last replaced in the 1990s. Staff and its consultant, CDM Smith, Inc., are preparing plans, specifications, and contract documents for replacing the filter media in four of the existing filters beginning in January 2024. Work is scheduled to be completed by the summer of 2024.

A motion was made by Mr. Gillette and seconded by Ms. Munns, to authorize staff to solicit bids for the 2024 Filter Media Replacement – Fleur Drive Water Treatment Plant project and establish the date of the Public Hearing as the date of the December 2023 Board meeting. Upon vote, the motion was adopted, with each member of the Board voting in favor of the motion.

Request Authorization to Solicit Bids for 2023 Des Moines Water Main Replacement – Contract 4 and Establish the Date of the Public Hearing as the Date of the December 2023 Board Meeting

As part of the approved 2023 Des Moines Water Main Replacement budget, the streets identified below are to receive new water mains due to a history of main breaks and other service issues. Snyder & Associates is preparing and finalizing the plans, specifications, and contract documents for the 2023 Des Moines Water Main Replacement - Contract 4. The streets selected for this water main replacement contract consist of many short segments that are interconnected.

Work on E Pleasant View Drive will call for the installation of approximately 1529 feet of 8-inch Polyvinyl Chloride (PVC) and 590 feet of 8-inch Ductile Iron Pipe (DIP) water main. Work on E Virginia Avenue will call for the installation of approximately 527 feet of 8-inch Polyvinyl Chloride (PVC) and 0 feet of 8-inch Ductile Iron Pipe (DIP) water main. Work on SE 6th Street will call for the installation of approximately 385 feet of 8-inch Polyvinyl Chloride (PVC) and 20 feet of 8-inch Ductile Iron Pipe (DIP) water main. Work on SE 7th Street will call for the installation of approximately 260 feet of 8-inch Polyvinyl Chloride (PVC) and 248 feet of 8-inch Ductile Iron Pipe (DIP) water main. The engineer's estimate for this contract is \$1,677,000.00.

A motion was made by Mr. Gillette and seconded by Ms. Munns, to authorize staff to solicit bids for 2023 Des Moines Water Main Replacement - Contract 4 and establish the date of the Public Hearing as the date of the December 2023 Board meeting, and direct staff to publish notice as provided by law. Upon vote, the motion was adopted, with each member of the Board voting in favor of the motion.

Regional 28E Review – Possible Closed Session

A motion was made by Mr. Gillette, seconded by Ms. Huppert, to go into closed session pursuant to Iowa Code Section 388.9(1) to discuss marketing and pricing strategies and proprietary information that may impact its competitive position by public disclosure not required of potential or actual competitors related to ongoing negotiations over creating an integrated regional water authority. Each of these topics should be discussed in closed session to avoid disclosure likely to prejudice or disadvantage the position of the Des Moines Water Works. Iowa Code Section 622.10 to request and receive legal advice from retained legal counsel and to avoid waiver of the attorney-client privilege. Iowa Code Section 22.7(65) to review a tentative and preliminary draft prior to completion of the proposed Central Iowa Water Works 28E agreement; and Iowa Code Section 21.5(1)(a) to discuss or review records which are required or authorized by State or federal law to be kept confidential.

Upon roll-call vote, the motion was adopted, with Ms. Boulton, Mr. Davis, Mr. Gillette, Ms. Huppert, and Ms. Munns voting in favor of the motion.

The meeting then went into closed session.
The Board subsequently returned to open session.

No action was taken as a result of the closed session discussion.

Board Committee Reports

The following reports were provided:

- Finance and Audit Committee – A meeting was held on October 3, 2023, as reflected in the minutes thereof. Mr. Davis gave a brief summary of the meeting.
- Planning Committee – A meeting was held on October 10, 2023, as reflected in the minutes thereof. Ms. Huppert gave a brief summary of the meeting.
- Greater Des Moines Botanical Garden – Mr. Gillette had no update to share.
- Des Moines Water Works Park Foundation – Ms. Boulton gave a brief summary of the Donor Appreciation Dinner that was held a few weeks ago.

CEO and General Manager's Comments

Mr. Corrigan provided an update on the utility's Strategic Plan initiatives.

Safety Update

Mr. Corrigan and Mr. White gave an update on safety. Mr. White highlighted near misses and 2023 Safety Skills Training Assignments.

6:09 p.m. adjourned