

**MINUTES OF MEETING OF FINANCE AND AUDIT COMMITTEE
OF THE BOARD OF WATER WORKS TRUSTEES
PURSUANT TO NOTICE**

January 12, 2021

3:30 p.m.

The Meeting was conducted by video conference.

Present (by Video or Audio Conference Link):

Board Members: Mr. Joel Aschbrenner, Mr. Graham Gillette, Ms. Susan Huppert, and Ms. Diane Munns

Staff Members: Theresa Braden, Pat Bruner, Nathan Casey, Ted Corrigan, Kyle Danley, Peggy Freese, Doug Garnett, Amy Kahler, Mike McCurnin, Jennifer Puffer, Jennifer Terry, and Michelle Watson

Also in attendance: Melissa Walker (MW Media Consultants, LLC)

Meeting called to order at 3:30 p.m.

1. Phase 1 Park Improvements Project Closeout

Mr. McCurnin provided an update on the financial aspects of closeout of the Phase 1 Park Improvements project. Staff has worked with the Des Moines Water Works Park Foundation (DMWWPF) to make the final financial reconciliations for the capital improvement elements and make recommendations regarding on-going operational expenses given the adverse influence of the pandemic following acceptance of the project in August 2020. Three items, in particular, were shared by Mr. McCurnin; reconciliation of administrative costs and pump station costs, recommendation for “at cost” approach on operating expenses, and depreciation fund contributions.

Mr. Gillette suggested staff work with legal to prepare a forbearance agreement regarding depreciation fund contributions to bring to the full Board meeting for Board action.

2. Regionalization: Growth Pays for Growth

Ms. Kahler explained the contending concepts of “growth pays for growth” versus “benefit pays for benefit” that are under consideration in regionalization discussions. FCS’s model and language in the term sheet suggests that capital costs related to growth should be paid for by those communities growing and requiring the additional capacity. Matt Stoffel (PFM Financial Advisors) has prepared an analysis illustrating the financial impacts if all communities – growth and no-growth – share in the capital costs of expansion. It is argued that non-growth community benefits such as advanced technology and redundancy of systems might be given consideration.

3. CEO and General Manager’s Comments

Mr. Corrigan reported that the 10-year average for main breaks is 240 per year and there were 242 in 2020. As of January 12th, there have been 21 main breaks in 2021. The total annual pumpage for DMWW was a record-breaking 18.5 billion gallons in 2020. He also stated that Ms. Kahler has determined that the number of customer complaints and concerns due to the implementation of the new customer information system has been decreasing.

4. Public Comments – There were no comments from the public.

Meeting adjourned at 4:30 p.m.