

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

Tuesday, March 8, 2022

3:30 p.m.

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

Board Members: Mr. Joel Aschbrenner, Ms. Susan Huppert, and Ms. Diane Munns
Staff Members: Rachel Brown, Pat Bruner, Nathan Casey, Ted Corrigan, Kyle Danley,
Doug Garnett, Donna Heckman, Amy Kahler, Mike McCurnin, Jenny
Puffer, Laura Sarcone, Jennifer Terry, and Michelle Watson
Also in attendance: Melissa Walker (MW Media Consultants, LLC)

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

1. DMWW Rates: How Do We Compare?

Ms. Kahler shared a presentation about how DMWW's rates compare, both locally and nationally, to other water utilities that have similar processes to ours. She discussed affordability, why water rates are going up, how DMWW's retail rates are structured, and how the rate conversation fits within DMWW's Strategic Plan. The presentation slides are attached.

2. CEO and General Manager's Comments

Mr. Corrigan advised that the recent severe weather did not impact DMWW's facilities beyond power outages. However, the ice went out on the Raccoon River, causing water quality issues, so we have switched to the Des Moines River intake.

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

Meeting adjourned at 4:30 p.m.

DMWW Rates: How Do We Compare?

Amy Kahler, Chief Financial Officer

March 8, 2022

Des Moines
Water Works

Water You Can Trust for Life

Today's Conversation

- Why are water rates going up?
- How are our retail rates structured?
- How do we compare?
- Is DMWW water affordable?
- How does this conversation fit with our strategic plan?





Feb 24, 2022 - News

Des Moines' water bills are rising



Jason Clayworth



Des Moines' water rate history

In residential rate per 1k gallons

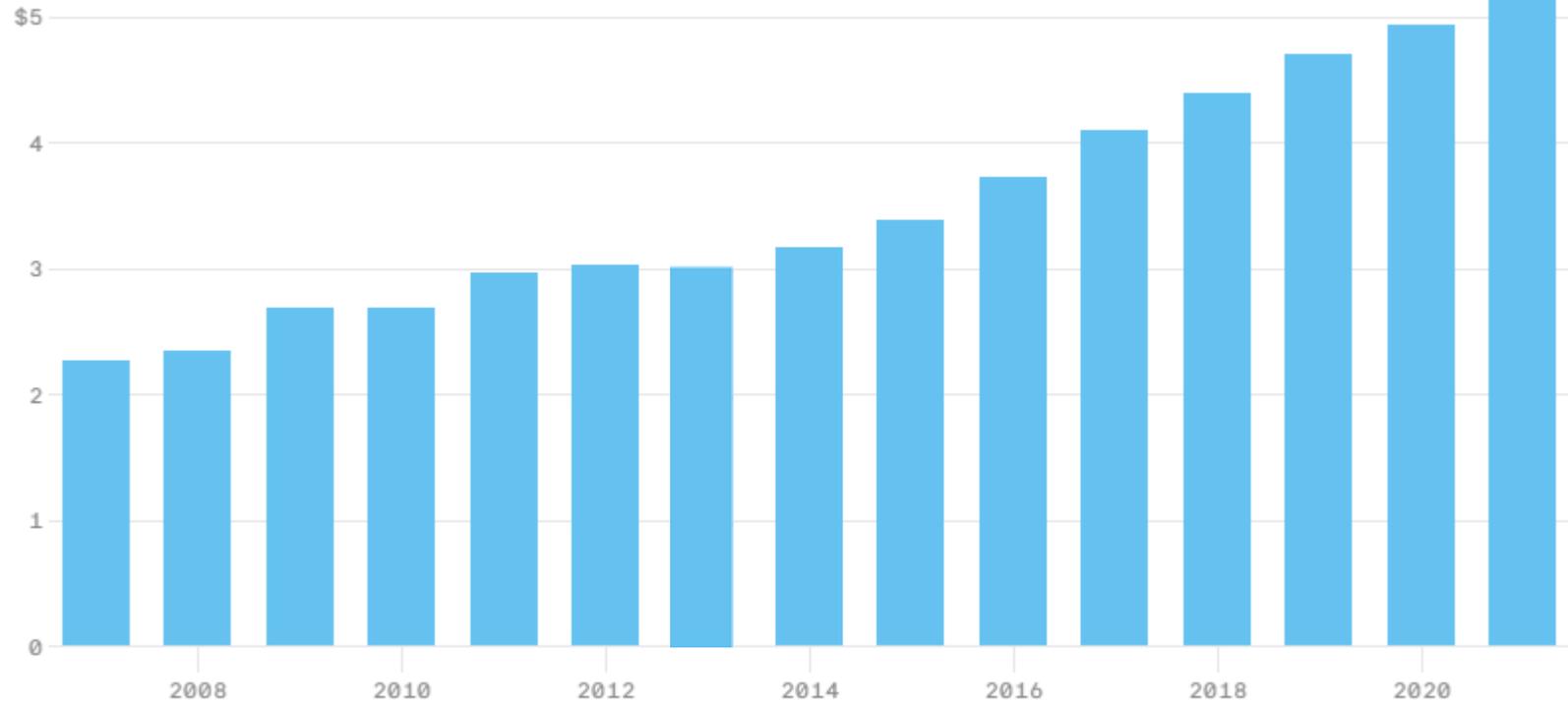


Chart: Baidi Wang/Axios; 2013 data added to graph by DMWW after publication

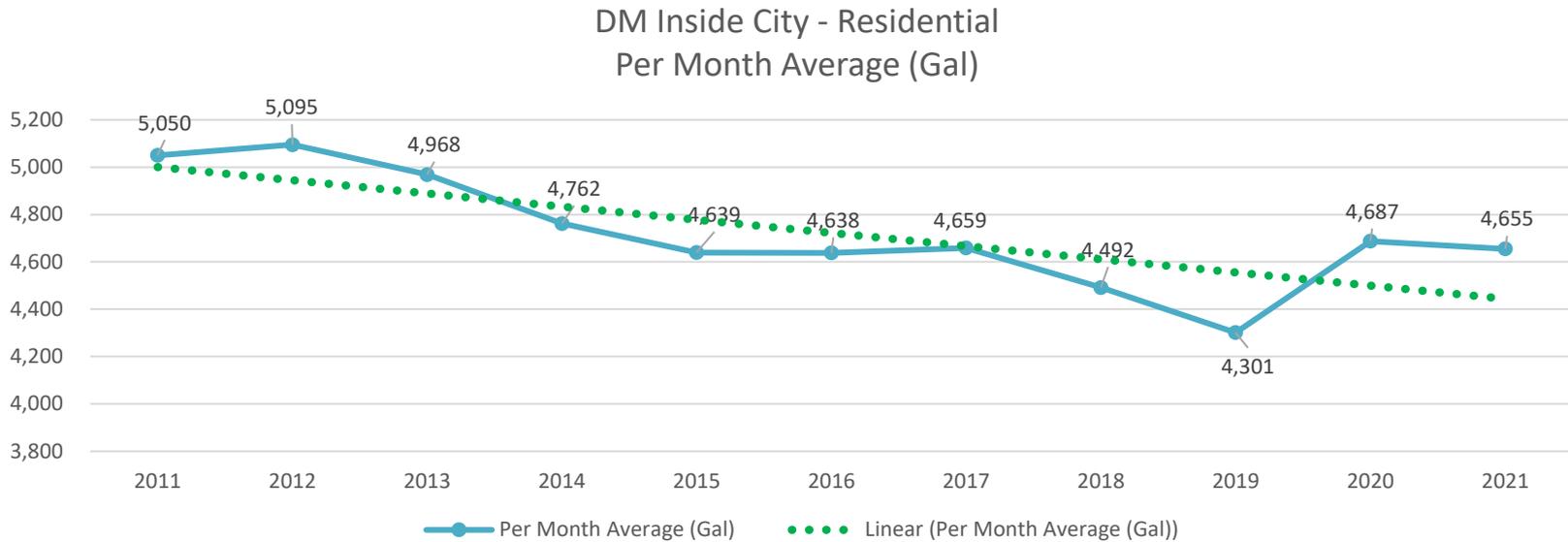


Why are Water Rates Going Up?

- Increasing costs of inputs (chemicals, labor, energy)
- Aging infrastructure
- Deteriorated source water quality
- Impacts of extreme weather (i.e., floods, droughts)
- Rigorous compliance and regulatory requirements
- Better alignment of costs and revenue requirements: water services have been systemically underpriced in the US for decades
- Declining demand from conservation efforts



Average Month Consumption – DM Inside City Residential



The "Water" Bill

Des Moines Water Works

Water You Can Trust for Life

2201 George Flagg Parkway | Des Moines, Iowa 50321-1190
(515) 283-8700 | www.dmw.com

Billing Date: 12/22/2021

Due Date: 01/17/2022

Customer #: 0123456 | Account #: 123456

Use 0123456123456 for online banking payments.

JOHN SAMPLE

Service Address: 1234 ANY STREET

Prior Balance	Payments Received	Balance Forward	Adjustments	New Charges 01/17/2022	Total Amount Due
\$114.87	-\$114.87	\$0.00	\$0.00	\$117.01	\$117.01

After 01/17/2022, pay \$122.77

DES MOINES WATER WORKS CHARGES

Water Capital Improvement	\$1.08
Water Availability	\$6.00
Water Consumption	\$22.40
DES MOINES WATER WORKS CHARGES	\$29.48

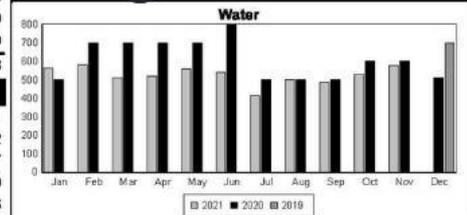
CITY OF DES MOINES CHARGES

Solid Waste	\$29.11
Yard Waste	\$10.42
Sewer	\$34.27
Sewer Customer Service Charge	\$4.40
Storm Water	\$7.56
CITY OF DES MOINES CHARGES	\$85.76

CITY OF DES MOINES CHARGES

Water Excise Tax	\$1.77
TOTAL NEW CHARGES DUE	\$117.01

USAGE HISTORY



A MESSAGE FROM DES MOINES WATER WORKS

Understanding your water bill

SERVICE	METER NUMBER	BILLING PERIOD		DAYS	METER READING		USAGE		
		From	To		Previous	Current		CF	Gal
Sewer	79943624	10/21/2021	10/22/2021	31	123113	123690	Actual	577	4,316

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\$0.00	117.01	\$117.01

After 12/17/2021, pay \$122.77

Amount Enclosed

JOHN SAMPLE
1234 ANY STREET
DES MOINES IA 50321

DMWW Retail Rates

- “Retail” defined
- Retail Rates
 - Fixed monthly availability
 - Varies by meter size
 - Generally \$6 in Des Moines for typical household
 - Volume Charge
 - Declining block structure in Des Moines, Polk County
 - Uniform rate in most Total Service areas
 - Capital Improvement Fee in DM, Polk County, WH



National Water Rate Trends

Source: Raftelis Rate Survey, 2021

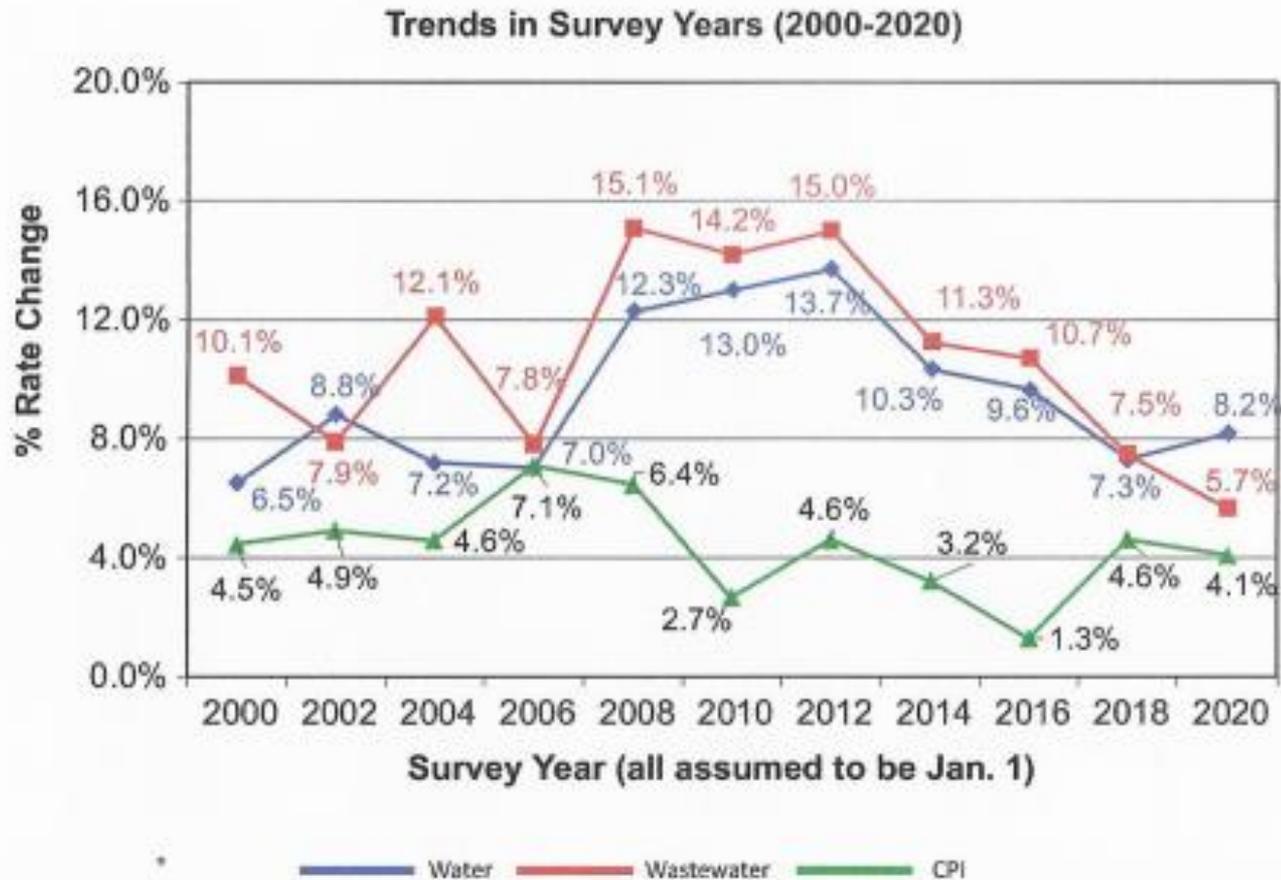
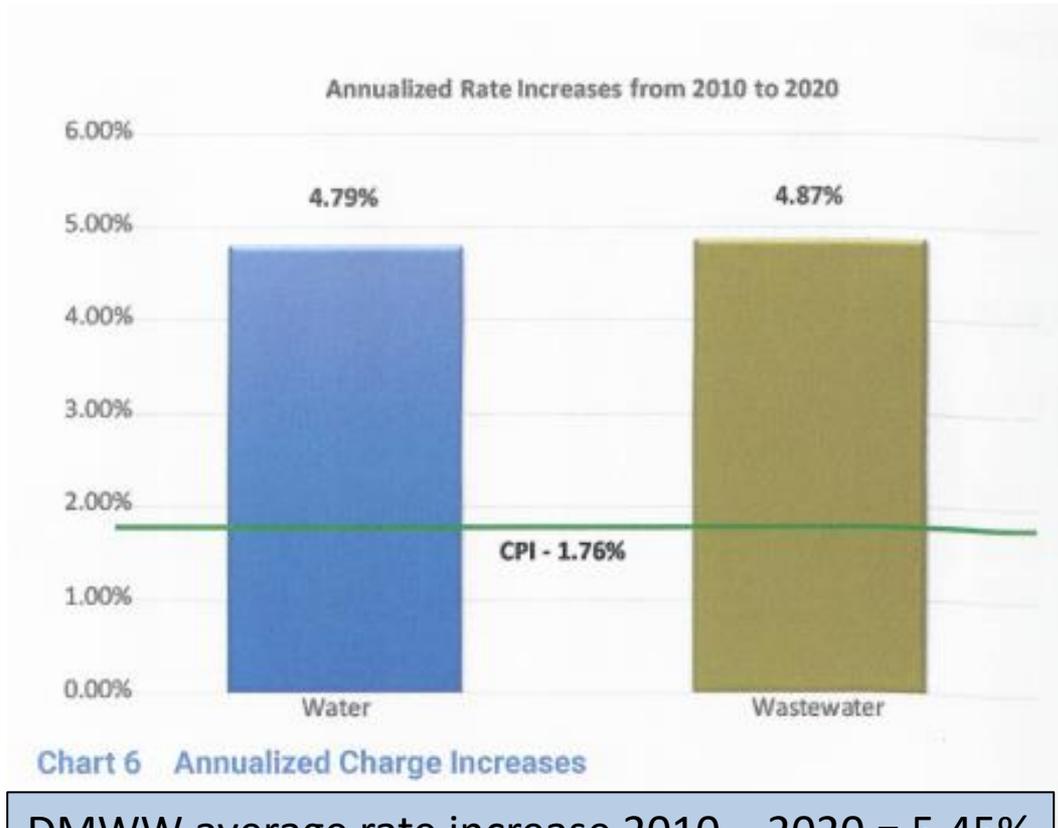


Chart 5 Trends in Survey Years

National Water Rate Trends

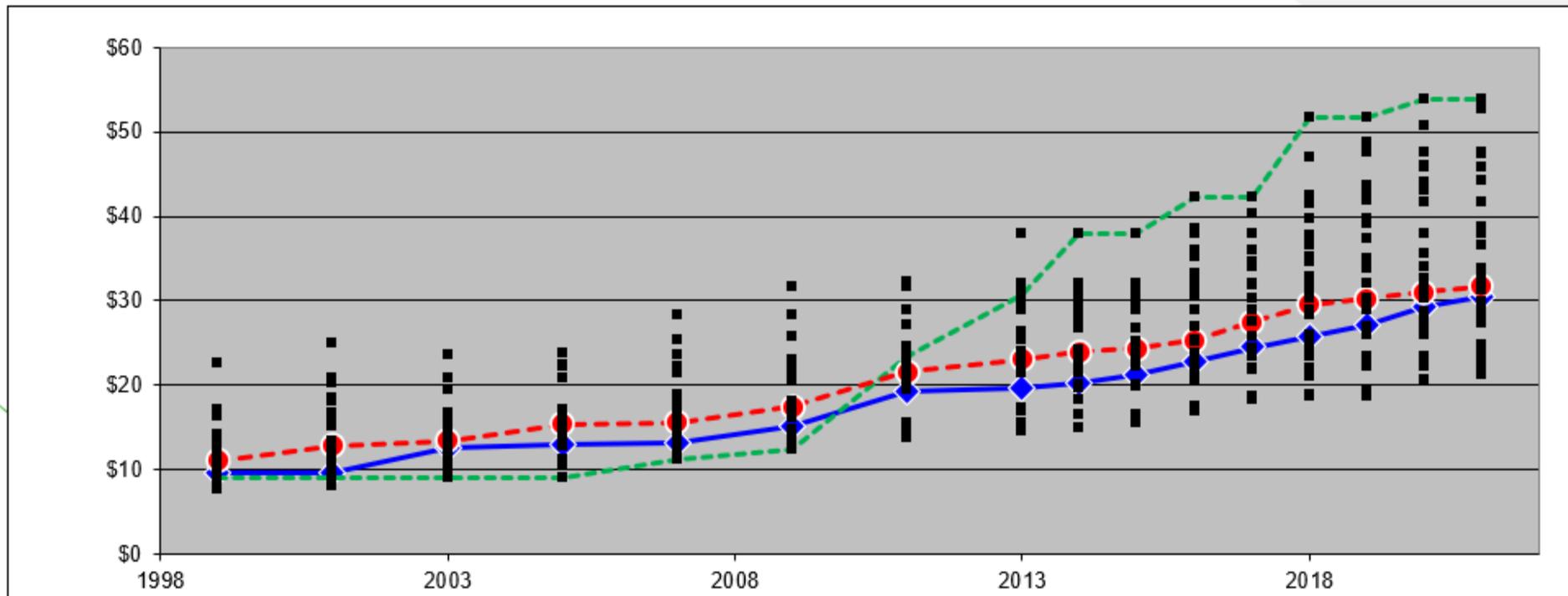
Source: Raftelis Rate Survey, 2021



DMWW Compared to Iowa Cities

Source: Ames Rate Survey, 2021

1999 – 2021, Cities with population > 10,000 with lime softening, ~ 4,500 gallons per month



---● Statewide Median

—◆ DMWW

--- Community X

Affordability

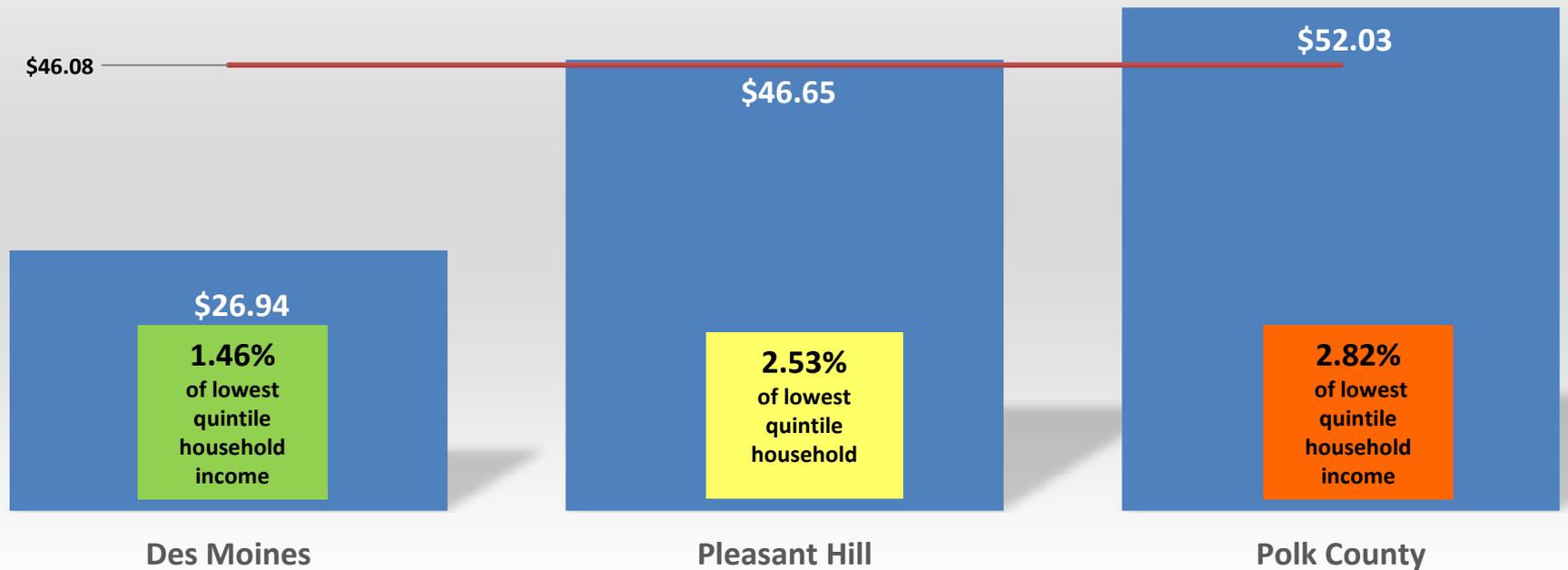
- Several ways to evaluate affordability
- EPA updated affordability guidance in 2021
- Per EPA updated guidance, affordability should be evaluated specifically for low income households, rather than median or average income households
- EPA divided household incomes into quintiles, or fifths.
- Water is considered a “high burden” if greater than 2.5% of the 5th quintile—or lowest 20%--of household income.



DMWW Affordability

DMWW
Monthly Water Bills
3,740 gallons

Monthly Water Bill EPA Affordability (Midwest)



Affordability

- EPA affordability guideline is water should be no more than 2.5% of 5th quintile household income.
 - Des Moines is 1.46% of 5th quintile of household income
 - Several of our higher rate Total Service areas are bumping up or exceeding the affordability threshold
 - Midwest water utilities: 1.41% of 5th quintile of income
(Raftelis Water & Wastewater Survey, 2021)



Strategic Plan Initiatives

To Do List:

1. Affordability Evaluation

2. Study retail rate structure

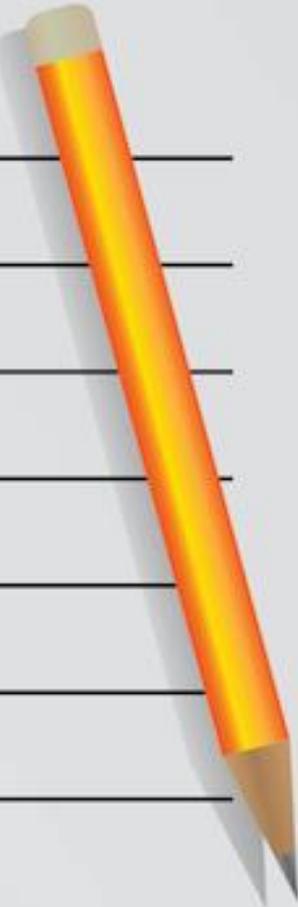
3. _____

4. _____

5. _____

6. _____

7. _____



Des Moines Water Works

Water You Can Trust for Life

www.dmww.com |   | dsmh2o.com

Customer Service: 283-8700 | 24/7 Emergency: 283-8772

