

**MINUTES OF CALLED MEETING OF THE BOARD OF WATER WORKS TRUSTEES
PURSUANT TO NOTICE
Tuesday, October 25, 2022**

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

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

Staff members: Bill Blubaugh, Pat Bruner, Nathan Casey, Ted Corrigan, Kyle Danley, Doug Garnett, Donna Heckman, Michelle Holland, Amy Kahler, Mike McCurnin, Laura Sarcone, Jennifer Terry, Lindsey Wanderscheid, and Michelle Watson

Also in attendance: Jack Carra (AssuredPartners), Sam Carrell (DMWW Park Foundation), Alec Davis (incoming Board member), and Rick Malm (legal counsel)

Mr. Gillette called the meeting to order at 3:30 p.m.

Consent Agenda

A motion was made by Mr. Aschbrenner, seconded by Ms. Huppert, to approve Consent Items A, B, C, D, and E, (Approval of Minutes, September 27, 2022, Board of Water Works Trustees Meeting; Minutes, October 11, 2022, Finance and Audit Committee Meeting; Minutes; Receipt and filing of the financial statements for audit purposes; Approval of Payments for September 2022; Approval of Summary of CEO-Approved Expenditures in Excess of \$20,000; and Approval of November 22, 2022, as the next meeting of the Board of Water Works Trustees). Upon vote, the motion was adopted, with Mr. Aschbrenner, Mr. Gillette, Ms. Huppert, and Ms. Munns voting in favor of the motion.

Ms. Boulton joined the meeting in progress at 3:34 p.m.

Public Comment Period

Mr. Corrigan provided an update on regionalization.

Sam Carrell presented an appreciation gift to Joel Aschbrenner for his service to the DMWW Park Foundation.

2023 Corporate Insurance

Proposed 2023 insurance coverages and premiums were presented. As proposed, DMWW's corporate insurance renewal rates for 2023 will increase from \$1,234,391 (for 2022) to \$1,245,676.

A motion was made by Ms. Boulton, seconded by Mr. Aschbrenner 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 2023 budget into the Raftelis Cost of Service model. The result of that analysis is the basis for the 2023 rate setting discussions and was the basis for rates presented at the October 2022 Finance & Audit Committee Meeting.

Staff has prepared an executive summary report of the cost of service results using the 2023 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>2023 Projected Revenue</u>	<u>COS Recovery</u>
Retail				
Des Moines Inside City	\$ 37,515,556	5.50%	\$ 36,647,682	98%
Des Moines Outside City	2,398,116	10.00%	1,182,233	49%
Total: Retail	\$ 39,913,672		\$ 37,829,915	95%
Full Service				
Polk County	\$ 6,513,209	5.50%	\$ 7,151,909	110%
Runnells	164,993	5.50%	167,950	102%
Cumming	127,141	5.50%	122,016	96%
Alleman	102,580	5.50%	120,461	117%
Pleasant Hill Inside City	2,818,471	5.50%	3,045,282	108%
Pleasant Hill Outside City	5,084	5.50%	4,768	94%
PCRWD	172,691	5.50%	149,947	87%
Berwick	242,944	8.00%	169,461	70%
Windsor Heights	910,672	5.50%	1,038,304	114%
Less: Future FS Capital Costs	(2,087,360.00)			
Total: Full Service	\$ 8,970,425		\$ 11,970,098	133%
Wholesale - PC				
Altoona	\$ 79,973	10.00%	\$ 31,618	40%
Ankeny	5,807,637	10.00%	6,760,709	116%
Bondurant	557,414	10.00%	605,983	109%
Clive	2,467,850	10.00%	2,218,441	90%
Norwalk	1,204,089	10.00%	1,080,239	90%
Waukee	2,247,423	10.00%	2,039,276	91%
Urbandale	6,075,208	10.00%	5,285,263	87%
Warren Rural Water	1,849,658	10.00%	1,997,122	108%
West Des Moines	3,872,869	10.00%	2,977,241	77%
Xenia	1,999,311	10.00%	2,286,946	114%
Polk City	457,388	10.00%	353,057	77%
Total: Wholesale - PC	\$ 26,618,820		\$ 25,635,895	96%
Wholesale with Storage				
West Des Moines - Storage	\$ 131,984	0.00%	\$ 43,488	33%
Johnston	3,366,981	0.00%	3,507,914	104%
Water Development Co	57,913	0.00%	72,485	125%
Total: Wholesale with Storage	\$ 3,556,878		\$ 3,623,887	102%
Total: Utility	\$ 79,059,795		\$ 79,059,795	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 Ms. Munns, and seconded by Ms. Huppert, 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 2023 Water Rates

Proposed 2023 water rates were discussed at the October Finance and Audit Committee meeting

Retail Rates

Staff recommends a 5.5% 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, and an 8% increase for customers in the Berwick service area.

Staff recommends no increases in capital improvement fees or water availability charges for 2023.

Wholesale Rates

Staff recommends maintaining the current rate structure for 2023 wholesale rates. In light of Cost of Service results also discussed at Finance & Audit, staff recommends a 10% increase in the wholesale Purchased Capacity rate, and a 0% 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, 2023.

A motion was made by Ms. Boulton, seconded by Mr. Aschbrenner to approve the proposed rates as presented to be effective for all water bills issued on or after April 1, 2022, and to direct staff to publish the adopted rates as provided by law as follows:

	2022 Rate Per 1,000 Gallons	2023 Rate Per 1,000 Gallons	Increase	Percent Increase	Dollar Monthly Increase for Avg. Home With:	
					2 Person 3,750 gal	4 Person 7,500 gal
Des Moines Inside City						
Residential (Step 1)	\$5.35	\$5.64	\$0.29	5.50%	\$1.09	\$2.18
Commercial (Step 2)	3.59	3.79	0.20	5.50%		
Industrial (Step 3)	2.76	2.91	0.15	5.50%		
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)	\$6.20	\$6.82	\$0.62	10.00%	\$2.33	\$4.65
Commercial (Step 2)	4.66	5.13	0.47	10.00%		
Industrial (Step 3)	3.33	3.66	0.33	10.00%		
Off Peak	2.75	3.03	0.28	10.00%		
Polk County						
Residential (Step 1)	\$10.54	\$11.12	\$0.58	5.50%	\$2.18	\$4.35
Commercial (Step 2)	6.45	6.80	0.35	5.50%		
Industrial (Step 3)	5.03	5.31	0.28	5.50%		
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)	\$9.80	\$10.34	\$0.54	5.50%	\$2.03	\$4.05
Commercial (Step 2)	8.27	8.72	0.45	5.50%		
Outside City	16.80	17.72	0.92	5.50%	\$3.45	\$6.90
Windsor Heights						
Capital Improvement Fee	\$5.45	\$5.75	\$0.30	5.50%	\$1.13	\$2.25
PCRWD #1						
	\$5.14	\$5.42	\$0.28	5.50%	\$1.05	\$2.10
Berwick						
	\$4.28	\$4.62	\$0.34	8.00%	\$1.28	\$2.55
Runnells						
Water	\$8.86	\$9.35	\$0.49	5.50%	\$1.84	\$3.68
Waste Water	9.61	10.14	0.53	5.50%	\$1.99	\$3.98
Cumming						
	\$9.14	\$9.64	\$0.50	5.50%	\$1.88	\$3.75
Alleman						
	\$10.85	\$11.45	\$0.60	5.50%	\$2.25	\$4.50
Wholesale						
Purchased Capacity	\$3.08	\$3.39	\$0.31	10.00%		
With Storage	\$4.57	\$4.57	\$0.00	0.00%		

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

Proposed 2023 Budget – Establish Public Hearing as the Date of the November 2022 Board Meeting

The Board conducts a public hearing on its annual budget each year before considering its adoption. A motion was made by Ms. Munns, seconded by Mr. Aschbrenner, to establish the date of a Public Hearing on the Proposed 2023 Budget as the date of the November 2022 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.

Berwick Water Association 28E Total Service Agreement

Des Moines Water Works has provided Total Service to Berwick Water Association under contract since October 1, 2013. The extended 2017 Agreement expired June 30, 2022, and both parties wish to continue the Total Service relationship under a renewed 28E Total Service Agreement. This renewed agreement is consistent with the previous agreement in all material respects, and continues for a period of five years. The Agreement shall renew, on and after December 31, 2027 for successive five year terms without further action by Association or Des Moines Water Works, unless either party notifies other of nonrenewal. The agreement may be terminated without cause by either party if written notice is given at least one year prior to the effective date of termination.

The Berwick Water Association Board of Trustees approved the 28E Agreement at a meeting October 17, 2022. Legal Counsel has reviewed the agreement.

A motion was made by Mr. Aschbrenner, and seconded by Ms. Huppert, to approve and authorize the Chairperson and CEO and General Manager to execute the Total Service Chapter 28E agreement with Berwick Water Association. Upon vote, the motion was adopted, with each member of the Board voting in favor of the motion.

2023 Water Treatment Chemicals – Lime Contract

Every year Des Moines Water Works rebids chemicals used in the water treatment process. After discussions with lime suppliers, it was decided to bid the lime contract early this year. For 2023 we received three bids for Quick Pebble Lime. The 2022 cost was \$184.50 per ton Mississippi lime. The 2023 cost is \$215.50 per ton Mississippi Lime. This is a percent increase of 16.8%. Estimated total cost for both plants in 2023 \$3,407,486.

Each year staff contracts with Kemecto Labs, an independent lab, for testing of lime samples. The lab testing is then used to analyze the bid prices along lime reactivity to compare different volumes of water to be treated at each plant, the purity of different products, and the cost to remove inert materials from each specific lime vendor. This analysis provides us with a more precise cost comparison based on how much lime will be needed and how much additional inert material will need to be removed.

A motion was made by Ms. Munns, and seconded by Ms. Huppert to award the 2023 Lime Contract to Mississippi Lime. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Acceptance of Des Moines River Intake Roof Structure Modifications Contract

Mr. Corrigan reported that all work associated with the Des Moines River Intake Roof Structure Modifications project has been satisfactorily completed.

A motion was made by Mr. Aschbrenner, and seconded by Ms. Huppert, to accept the Des Moines River Intake Roof Structure Modifications Contract, completed by Henkel Construction, in the amount of \$311,000. 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 Change Orders 4 and 5 to 2021 Well Rehabilitation Contract

On July 27, 2021, the Board of Water Works Trustees awarded the 2021 Well Rehabilitation contract to Layne Christensen Company. Staff has determined there would be operational advantages to have Layne Christensen Company rehabilitate Well 1 at the Saylorville well field in January 2023 and defer rehabilitation of Well 6 at Maffitt Reservoir until Fall 2023.

This will require execution of two change orders to the 2021 Well Rehabilitation contract. Change Order No. 4 adds \$599,630 to the contract amount to add rehabilitation of Well 1 at the Saylorville well field to the contract. Change Order No. 5 adds \$123,495 to the contract amount by increasing Layne's unit prices on their Proposal by 15 percent (15%) for rehabilitation of Well 6 at the Maffitt Reservoir well field. These increases in the unit prices are due to increases in Layne's labor and material costs since their Proposal was submitted in July 2021.

A motion was made by Ms. Munns, and seconded by Mr. Aschbrenner, to authorize the CEO and General Manager to execute Change Order No. 4, in the amount of \$599,630, and Change Order No. 5, in the amount of \$123,495, to the 2021 Well Rehabilitation contract. Upon vote, the motion was adopted, with each member of the Board voting in favor of the motion.

Resolution of Appreciation for Departing Board of Water Works Trustee Joel Aschbrenner

Mr. Aschbrenner was recognized by a resolution of appreciation for his service as a Board of Water Works Trustee since February 2020 as follows:

Whereas, Joel Aschbrenner was appointed to the Board of Water Works Trustees in February 2020; and

Whereas, Mr. Aschbrenner's term as Board of Water Works Trustee will end with his resignation, effective October 26, 2022; and

Whereas, during his service on the Board, Mr. Aschbrenner provided thoughtful perspectives on all issues brought before the Board, joined with other Board members in support and promotion of regional governance of drinking water production, strongly supported ongoing water quality and environmental initiatives, represented the Board on the Des Moines Water Works Park Foundation Board, and consistently championed open, transparent public communication,

Now, Therefore, be it Resolved that the Board of Water Works Trustees of the City of Des Moines, Iowa, hereby acknowledges with sincere appreciation the contributions made by Joel Aschbrenner to Des Moines Water Works and the community he has served by entering this Resolution of Appreciation into the minutes of the Board.

A motion was made by Ms. Huppert, and seconded by Ms. Munns, to adopt the resolution as stated above. Upon vote, the motion was adopted, with Mr. Aschbrenner abstaining, but all other members of the Board who are identified above as present voting in favor.

Board Committee Reports

The following reports were provided:

- Planning Committee – A meeting was not held in October.
- Finance and Audit Committee – A meeting was held on October 11, 2022, as reflected in the minutes thereof. Mr. Aschbrenner gave a brief summary of the meeting.
- Bill Stowe Memorial Committee (Stowe Foundation) – Mr. Gillette and Ms. Boulton shared that they are working on the next steps in the development of the educational and research hub concepts.
- Greater Des Moines Botanical Garden – Mr. Gillette reminded those in attendance of upcoming holiday events at the Botanical Garden.
- Des Moines Water Works Park Foundation Board – Ms. Boulton reported that the Foundation continues to work on the repayment of the Ruan Connector construction debt. Programming and planning of fundraising efforts continue to be a focus.

CEO and General Manager's Comments

Mr. Corrigan shared that the water treatment chemical bids for 2023 came in high, as expected, but no bids were received for soda ash. The general office and call center hours will change to 8 a.m. to 4:30 p.m. effective December 1st. Mr. Corrigan also provided an update on the utility's Strategic Plan initiatives.

Adjournment – Meeting adjourned by unanimous consent.

4:54 p.m. adjourned