

**MINUTES OF CALLED MEETING OF THE BOARD OF WATER WORKS TRUSTEES
PURSUANT TO NOTICE
Tuesday, October 27, 2020**

The Meeting was conducted by video conference.

Present (by Video or Audio Conference Link):

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

Staff members: Bill Blubaugh, Pat Bruner, Ted Corrigan, Kyle Danley, Peggy Freese, Doug Garnett, Donna Heckman, Michelle Holland, Amy Kahler, Mike McCurnin, Jeanne Middleton, Jenny Puffer, Jennifer Terry, Michelle Watson, and Don West

Also in attendance: Jack Carra (LMC Insurance & Risk Management), Rick Malm (legal counsel), Melissa Walker (MW Media Consultants, LLC), and others

Ms. Munns called the meeting to order at 3:30 p.m.

Consent Agenda –

A motion was made by Mr. Aschbrenner, seconded by Mr. Gillette, to approve Consent Items A, B, C, D, E, (Approval of Minutes, September 22, 2020, Board of Water Works Trustees Meeting; Minutes, October 6, 2020, Planning Committee Meeting; Minutes, October 6, 2020, Customer Relations Committee Meeting; Minutes, October 13, 2020, Finance and Audit Committee Meeting; Receipt and filing of the financial statements for audit purposes; Approval of Payments for September 2020; Approval of Summary of CEO-Approved Expenditures in Excess of \$20,000; and Approval of November 24, 2020, as the next meeting of the Board of Water Works Trustees). Upon roll-call vote, the motion was adopted with each member of the Board identified as present voting in favor of the motion.

Public Comment Period

No public comments were received.

2021 Employee Benefit Insurance Renewals

Proposals for the 2021 employee medical insurance, retiree medical insurance, employee dental insurance, life insurance and long term disability insurance were presented. DMWW will begin its partnership with the Iowa Governmental Health Care Plan Trust and continue coverage with Wellmark BCBS offering a choice of three plan designs. Health insurance premiums will increase by 9%. Retiree medical insurance will increase for 2021 and employee life insurance and disability insurance will have no increase or decrease.

A motion was made by Mr. Gillette, and seconded by Ms. Huppert, to approve the 2021 employee benefits insurance providers and rates for the year 2021 as presented. Upon roll-call vote, the motion was adopted, with each member of the Board identified as present voting in favor of the motion.

2021 Corporate Insurance

Proposed 2021 insurance coverages were presented. As proposed, DMWW’s corporate insurance renewal rates for 2021 will increase \$124,084 in comparison to 2020 rates, for a total cost of \$1,103,601.

A motion was made by Ms. Boulton, seconded by Ms. Huppert to accept insurance program renewal submitted by LMC Insurance & Risk Management as presented. Upon roll-call vote, the motion was adopted, with each member of the Board identified as present voting in favor of the motion.

Approval of Proposed 2021 Water Rates

Proposed 2021 water rates were presented. Staff recommends a 5% rate increase for Des Moines and most other retail customers. Staff recommends a 7% increase for customers in the PCRWD#1 service area. The original Staff recommendation for Berwick, Runnells and Alleman was a rate increase of 7%. However, Berwick and Runnells have authorized payments to DMWW from their funds to fully offset rate increases for 2021. Alleman will make payment to DMWW to reduce their rate increase to 5%.

Staff recommends a 20% rate increase for the Pleasant Hill Outside City service area. The rate for that area was previously set at 150% of the residential rate. The City of Pleasant Hill sets the sewer rate for the Outside City area at 200% of their inside city rate. DMWW and Pleasant Hill staff agree that it makes sense for the water rate to follow the same convention. In order to reduce the impact to customers, we want to make the change over two years.

Staff recommends a 15% increase in wholesale Purchased Capacity rate and a 3% increase in the wholesale With Storage rate.

Staff recommends no change in capital improvement fees. We also recommend no increases in water availability charges.

The proposed new rates were discussed. Receipt of letter from counsel to the West Des Moines Water Works objecting to a change to the Cost of Service Study methodology for the Purchased Capacity Rate was noted, but no member of the Board was convinced that a change was appropriate, with particular reference to concerns about cross subsidy.

A motion was made by Mr. Aschbrenner, seconded by Ms. Boulton to approve the proposed rates as increased according to the attached schedule to be effective for all water bills issued on or after April 1, 2021 and direct staff to publish the adopted rates as provided by law as follows:

	2021 Rate/1,000 Gallons	Increase	Percent Increase	2021 Capital Improvement Fee (no change)
Des Moines Inside City				
Residential (Step 1)	\$5.19	\$0.25	5%	\$0.25
Commercial (Step 2)	3.49	0.17	5%	0.17
Industrial (Step 3)	2.68	0.13	5%	0.13

	2021 Rate/1,000 Gallons	Increase	Percent Increase	2021 Capital Improvement Fee (no change)
Wholesale				
Purchased Capacity	\$2.68	\$0.35	15%	
With Storage	4.57	0.13	3%	
Des Moines Outside City				
Residential (Step 1)	\$5.64	\$0.27	5%	
Commercial (Step 2)	4.24	0.20	5%	
Industrial (Step 3)	3.03	0.14	5%	
Off Peak	2.63	0.13	5%	
Polk County				
Residential (Step 1)	\$10.23	\$0.49	5%	\$1.50
Commercial (Step 2)	6.26	0.30	5%	0.92
Industrial (Step 3)	4.88	0.23	5%	0.71
Pleasant Hill				
Residential (Step 1)	\$9.51	\$0.45	5%	
Commercial (Step 2)	8.03	0.38	5%	
Outside City	16.31	2.72	20%	
Windsor Heights	\$5.29	\$0.25	5%	\$2.00
PCRWD #1	\$4.80	\$0.31	7%	
Berwick	\$4.00	-	-	
Runnells				
Water	\$8.60	-	-	
Waste Water	9.33	-	-	
Alleman	\$10.53	\$0.50	5%	
Cumming	\$8.87	\$0.42	5%	

Upon roll-call vote, the motion was adopted with each member of the Board identified as present voting in favor of the motion.

Proposed 2021 Budget – Establish Public Hearing as the Date of the November 2020 Board Meeting

A motion was made by Mr. Gillette, seconded by Ms. Huppert, to establish the date of the Public Hearing for the Proposed 2021 Budget as the date of the November 2020 Board meeting in order for the Board to act on the passage of the Proposed 2021 Budget and to direct staff to publish notice as set forth in the Des Moines Water Works Board Policy Manual. Upon roll-call vote, the motion was adopted, with each member of the Board voting in favor of the motion.

Des Moines Water Works' Rules and Regulations Update

Staff and legal counsel review the Des Moines Water Works Rules and Regulations annually. Such review includes a review of fees and charges, as well as the substantive rules. Changes suggested by such review are proposed for the Board's consideration. A set of proposed updates and changes was presented to the Board.

A motion was made by Ms. Boulton, and seconded by Ms. Huppert, to approve the proposed revisions to the Rules and Regulations as presented to the Board by Staff with an implementation date of January 1, 2021 and direct publication of the changes as required by statute. Upon roll-call vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Amendment to HomeServe Agreement

In Des Moines and areas served by DMWW, customers own the water service line from the point of incorporation into the main and are responsible for the maintenance and repair of their service line, including the required stop box. Des Moines Water Works (DMWW) has collaborated with HomeServe USA to provide optional coverage for water service line protection. A Program Agreement was signed, in 2012, for a 3-year term, with the possibility of two 1-year extensions. DMWW extended the agreement both years, followed by a First Amendment in November 2016 which extended the agreement to December 31, 2020. HomeServe has proposed a second amendment extending the upcoming renewal period five years, from 1/1/2021 through 12/31/2025. The five-year period includes two price modifications to \$6.49/month in 2022 and \$6.99/month in 2024.

The benefits of the program and the terms of renewal were discussed, including a contribution provided for DMWW's Project H2O.

A motion was made by Mr. Gillette, and seconded by Mr. Aschbrenner, to approve and authorize the CEO and General Manager to execute the Second Amendment to Program Agreement with HomeServe USA. Upon roll-call vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

MidAmerican Energy Company Easement at the Fleur Drive Water Treatment Plant

A Public Hearing was opened by Chairperson Munns for comments from the public regarding the granting of an easement to the MidAmerican Energy Company across Water Works' real estate. Receiving no oral or written comments, the Public Hearing was closed.

In April of 2020, the DMWW Board authorized the CEO and General Manager to execute a MEC proposal that called for MEC to contract and proceed with the refurbishment of numerous substation facilities and then transfer ownership of 69,000 volt circuit breakers and switches and associated facilities from DMWW to MEC. As mentioned in April, DMWW welcomes the transfer of ownership as ongoing maintenance of switches and circuit breaker is clearly best handled by MEC.

Additional authorization was provided to set and give notice of public hearing should easement expansions be needed. DMWW and MEC staff have conferred and an easement expansion has been determined to be in the best interest of both MEC and DMWW. Expanding the easement width from near 50' to near 100' provides for safer MEC maintenance and operation for 69,000

volt and 161,000 volt systems that traverse DMWW property on the north side of the Operations Center. The wider easement does not negatively impact DMWW operations.

A motion was made by Ms. Huppert, seconded by Mr. Aschbrenner to authorize the Chairperson and CEO and General Manager to execute an easement to MidAmerican Energy Company in the form as presented. Upon roll-call vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Request Authorization for CEO and General Manager to Approve Change Order No. 3 for City of Des Moines' Ingersoll Avenue Streetscape from M.L. King Jr. Parkway to 24th Street (Phase 1) Project

As part of the City of Des Moines' Ingersoll Avenue Streetscape from M.L. King Jr. Parkway to 24th Street (Phase 1) project, Des Moines Water Works installed approximately 1,290 feet of new 12-inch ductile iron water main to replace 1,260 feet of 8-inch 1918 cast iron water main. The project consisted of roadway improvements, sidewalk replacement, storm sewer improvements, and relocation of water main. The Board authorized reimbursement to the City of Des Moines at the March 2020 Board meeting. Change Order No. 3 is required because the original plan was to abandon the 8-inch water main after the Phase 2 project from 24th Street to 28th Street that will be completed in 2021. No costs were included in Phase 1 for water main abandonment. During water service transfers in Phase 1, the existing 8-inch water main was damaged and as a result the 8-inch was capped near 24th Street. Abandonment of the existing 8-inch water main will benefit Phase 2 construction and will prevent the potential for leaks at abandoned water services beneath the street.

A motion was made by Mr. Gillette, and seconded by Ms. Boulton, to authorize the CEO and General Manager to execute Change Order No. 3 to the Ingersoll Avenue Streetscape from M.L.King Jr. Parkway to 24th Street (Phase 1) project in the amount of \$99,509.50. Upon roll-call vote, the motion was adopted with each member of the Board identified as present voting in favor of the motion.

Gallery Valve Chamber Structures Reconstruction

A Public Hearing was opened by Chairperson Munns for comments from the public regarding the form of contract, plans and specifications, and estimated cost for the Gallery Valve Chamber Structures Reconstruction project. Receiving no oral or written comments, the Public Hearing was closed. The Board found no suitable alternative facility was available for rent or sharing.

A motion was made by Mr. Gillette for adoption of the form of contract, plans and specifications, and estimated cost for the Project. The motion was seconded by Ms. Huppert. Upon roll-call vote, the motion was adopted with each member of the Board identified as present voting in favor of the motion.

After an analysis of the bids received was presented and considered, a motion was made by Mr. Aschbrenner, seconded by Mr. Gillette, to award the Gallery Valve Chamber Structures Reconstruction contract to Synergy Contracting, L.L.C., to include the Base Bid and Alternatives 1 and 2 in the amount of \$432,770, and to authorize the Chairperson and the CEO and General Manager to execute the contract. Upon roll-call vote, the motion was adopted with each member of the Board identified as present voting in favor of the motion.

Legal Services Request for Proposals

The Dickinson Law Firm has served as legal counsel to the Board of Water Works Trustees since 1957. Richard Malm of the Dickinson Firm was designated as legal counsel to the Board in November 1998. Mr. Malm has transitioned to an of-counsel role with the Dickinson Firm in January 2020. The Finance and Audit Committee had a brief discussion about legal services at their September meeting. The Committee asked staff to draft a Request for Proposals for legal services including language that would cause legal services to be reviewed on a regular basis.

A motion was made by Mr. Gillette, seconded by Ms. Huppert, to authorize the CEO and General Manager to finalize an RFP for legal services and a distribution plan for that RFP by the end of the first quarter of 2021, to ensure that it is distributed widely to potential firms with local representation that could respond to this, and to develop and finalize an appropriate plan for the review of legal services going forward, with the understanding that the CEO and General Manager and the Board will have the opportunity between now and the end of March to discuss this again and make sure the timing is still appropriate to release it. Upon roll-call vote, the motion was adopted with each member of the Board identified as present voting in favor of the motion.

Board Committee Reports

The following reports were provided:

- Planning Committee – A meeting was held on October 6, 2020. Ms. Boulton stated that all of the items from the meeting were addressed in the action items.
- Finance and Audit Committee – A meeting was held on October 13, 2020. Mr. Gillette stated that all of the items from the meeting were addressed in the action items.
- Customer Relations Committee – A meeting was held on October 6, 2020. Ms. Huppert stated that regionalization discussion meetings continue with Urbandale and West Des Moines, and with their respective water utility staffs. Ms. Munns shared her appreciation of staff's work between meetings to keep progressing.
- Bill Stowe Memorial – A meeting was held with members of the DMWWPF to discuss the potential of a memorial within the park.
- Greater Des Moines Botanical Garden – Mr. Gillette stated that the CEO search committee is continuing.
- Des Moines Water Works Park Foundation Board – Ms. Boulton referred to the minutes in the board packet and shared that the park foundation continues to fundraise and are looking to hire a fundraising company to help achieve their goals.

CEO and General Manager's Comments

- COVID-19 Response – Mr. Corrigan stated that we have not made significant operational changes with most staff back to work either in the office or from home part of the time. He commended Union Leadership on their engagement in the discussions to right-size the return to work for employees.

Adjournment – Meeting adjourned by unanimous consent.

5:17 p.m. adjourned