

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
NOVEMBER 28, 2017 – 5:30 P.M.**

The Board of Trustees met in regular session at Muscatine Power and Water's Administration/Operations Building, 3205 Cedar Street, Muscatine, Iowa, on Tuesday, November 28, 2017, at 5:30 p.m.

Chairperson Doyle Tubandt called the meeting to order. Members of the Board were present as follows: Trustees Susan Eversmeyer, Tracy McGinnis, Steven Bradford, and Doyle Tubandt. Trustee Keith Porter was absent due to previously scheduled travel plans.

Also present were Sal LoBianco, General Manager of Muscatine Power and Water; Jerry Gowey, Board Secretary; Charles Potter, Muscatine Journal; Erika Cox, Brandy Olson, Tim Reed, and Brenda Christensen of Muscatine Power and Water.

Chairperson Tubandt asked if there was anyone in attendance who wished to make any public comments. There were no public comments.

The minutes of the October 31, 2017, public hearing and regular meeting were presented as previously submitted to all Board members in written form. Trustee Eversmeyer moved, seconded by Trustee McGinnis, that the October 31, 2017, public hearing and regular meeting minutes be approved as submitted. All Trustees present voted aye. Motion carried.

The list of expenditures and transactions for October 2017 was presented as previously submitted to all Board members in written form. After review and discussion of the expenditures, Trustee Bradford moved, seconded by Trustee McGinnis, to ratify payment of \$8,134,182.27 for the Electric Utility, \$700,612.89 for the Water Utility, and \$1,423,276.35 for the Communications Utility, for a cumulative total of \$10,258,071.51. All Trustees present voted aye. Motion carried.

The next agenda item was approval of a revised Project Summary Form (PSF) for the Construct Well 47 at New Well Field Project. Mr. LoBianco explained to the Board that this project was submitted and approved with the 2015 operating budget. Due to geological issues, two attempts to install the well have resulted in collapses and the contractor requested a stop work order until both parties could agree on a drilling plan. A new plan has been submitted, reviewed by the Iowa DNR and agreed upon by both parties. Additional cost is required in order to complete the project. The original total project cost was \$312,100. The revised total project cost is \$476,886. Mr. LoBianco stated that Management recommends Board approval of the revised project expenditure and additional cost. Trustee Bradford moved, seconded by Trustee Eversmeyer, to approve the revised Project Summary Form for the Construct Well 47 at New Well Field Project. All Trustees present voted aye. Motion carried.

Mr. LoBianco continued that due to Construct Well 47 at New Well Field Project being a part of the larger project to Construct Wells 47, 48, and 49 at New Well Field, a Contract Change

Order was also needed. The combined Construct Wells 47, 48, and 49 at New Well Field Project was previously approved for a combined total expenditure of \$1,014,200. At the April 25th, 2017 Board meeting, a contract was awarded to Cahoy Pump Service for Construct Wells 47, 48, and 49 at New Well Field Projects as one contract in the amount of \$1,000,304 for this work. Work scope changes for Well 47 are the majority cost for the Contract Change Order No. 1, making the new contract price for the Construct Wells 47, 48, and 49 at New Well Field Project \$1,130,987. The following resolution was submitted:

RESOLUTION 17-47

WHEREAS, Contract Change Order No. 1 has been prepared to said contract with Cahoy Pump Service of Sumner, IA for the Construct Wells 47, 48, and 49 at New Well Field Projects in the increased total amount of \$130,683, and said Contract Change Order was reviewed by the Board, and Muscatine Power and Water Management has recommended ratification of said Contract Change Orders; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees that said Contract Change Order No. 1 in the increased total net amount of \$130,683 be ratified for an amended contract price of \$1,130,987 for the Construct Wells 47, 48, and 49 at New Well Field Projects.

Trustee McGinnis moved, seconded by Trustee Bradford, that the said resolution should be passed, approved, and adopted this 28th day of November 2017. On roll call Trustees Bradford, Eversmeyer, McGinnis and Tubandt voted aye. Voting nay, none. Trustee Porter was absent. Resolution carried.

The next agenda item was approval of the 2018 Operating Budgets that had been presented for comments at the October Board of Trustees meeting. Mr. LoBianco stated that one adjustment was made to the West Hill Sewer Separation Project; the project was presented in the October Budget review with a budgeted amount at \$58,000 for work in 2018. The new project amount was increased by \$1,334,490, making the new total on the project \$1,392,490. The major changes are the expanded scope of the work areas in 2019 (\$702,000) and 2020 (\$637,790). Trustee Bradford moved, seconded by Trustee McGinnis, to approve the 2018 Operating Budgets for the Electric, Water, and Communications Utilities. All Trustees present voted aye. Motion carried.

Mr. LoBianco stated that the next agenda item also pertained to the 2018 Operating Budgets; Muscatine Power and Water is required by the Iowa Code to submit a summary of the Operating Budgets to the City Clerk, who then forwards the budget summary to Muscatine County for submittal to the State of Iowa Auditor. The budget certificate summary was presented as previously submitted in written form to all Board members. Copies of the budget summary were also available for review by the citizens at Muscatine City Hall, Musser Public Library, and at MP&W's Administrative/Operations Office before the November Board meeting. The budget public hearing was conducted earlier in the evening. The following resolution was submitted:

RESOLUTION 17-48

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa that the annual Budget for the calendar year 2018, as set forth in the Utility's Budget Estimate Summary showing the revenue and expenditure estimates for said calendar year is adopted, and the Secretary is directed to file the same with the Clerk of the City of Muscatine, IA.

Trustee Bradford moved, seconded by Trustee Eversmeyer, that the said resolution should be passed, approved, and adopted this 28th day of November 2017. On roll call Trustees Bradford, Eversmeyer, McGinnis and Tubandt voted aye. Voting nay, none. Trustee Porter was absent. Resolution carried.

Next, Mr. LoBianco reminded the Board that at the October Board meeting, the approved 2018 Water Utility's Annual Operating Budget includes a revenue adjustment of five and a half percent (5.5%) and it is recommended that the adjustment be effective April 1, 2018, and a similar adjustment is recommended for April 1, 2019. The recommended increases are consistent with the assumptions included in the Water Utility's Ten-Year Financial Projection and 2018 Operating Budget. Management believes the adjustment is necessary to maintain the long-term financial stability of the Utility. Mr. LoBianco continued that the proposed rate increase is cost of service based and is the result of a Water Utility Cost of Service and Rate Design Study by Dave Berg Consulting, LLC completed in September 2017. He stated that the proposed new rates also include facility charges for the Commercial class based on meter size. This is a change from having only one facility charge for all meter sizes, however in the current rate design there is a monthly minimum bill based on meter size. The fixed costs associated with the larger meter size is higher than it is for smaller meters and the change is more consistent with how other water utilities set rates for customers with different meter sizes. Mr. LoBianco stated that the proposed rate plan was reviewed with large contract customers prior to the November Board meeting.

Mr. LoBianco stated that even with this increase, MP&W rates still rank very low within the State of Iowa. The following resolution was submitted:

**RESOLUTION 17-49
WATER UTILITY RATE ADJUSTMENT**

WHEREAS, certain studies have been made of the financial condition of the Water Utility and presented to the Board of Water, Electric, and Communications Trustees for its consideration; and,

WHEREAS, the Board has reviewed these studies and determined that revenue increases are necessary to keep the Water Utility in a sound financial condition; now therefore, ss

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa that water revenue be increased by five and a half percent (5.5%) effective with water billings after April 10, 2018, and April 10, 2019.

BE IT FURTHER RESOLVED, that said increase be affected by adoption of the rate classes and rates based on the 2017 Cost-of-Service and Rate Design Study completed by Dave Berg Consulting, LLC; and,

BE IT FURTHER RESOLVED, that proper notice be given to contract consumers in accordance with the terms of the contracts.

Trustee McGinnis moved, seconded by Trustee Bradford, that the said resolution should be passed, approved, and adopted this 28th day of November 2017. On roll call Trustees Bradford, Eversmeyer, McGinnis and Tubandt voted aye. Voting nay, none. Trustee Porter was absent. Resolution carried.

In the General Manager's Report, Mr. LoBianco stated that internet network maintenance was going to be performed the next two mornings and that there would be some customer impact due to this maintenance.

The October Financial Operating Statements and Balance Sheets were presented as previously submitted to all Board members in written form. After review and discussion, Trustee McGinnis moved, seconded by Trustee Eversmeyer, to receive and place on file the October Financial Operating Statements and Balance Sheets for the Water, Electric, and Communications Utilities. All Trustees present voted aye. Motion carried.

The Competitive Quotes for Public Improvements Report was presented as previously submitted to all Board members in written form. There were no items for approval.

The October departmental reports were presented as previously submitted to all Board members in written form. Trustee Eversmeyer requested that some type of outage report for the Communications Utility be added to the Departmental Reports. Trustee Eversmeyer moved, seconded by Trustee Bradford to receive and place on file the October Departmental Reports. All Trustees present voted aye. Motion carried.

Chairperson Tubandt asked if there were any other items of business. With no other items of business, the meeting was adjourned at 6:00 p.m.

BOARD OF WATER, ELECTRIC, AND
COMMUNICATIONS TRUSTEES OF
THE CITY OF MUSCATINE, IOWA



Jerry Gowey
Board Secretary