

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
DECEMBER 19, 2019 – 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 Thursday, December 19, 2019, at 5:30 p.m.

Chairperson Tracy McGinnis called the meeting to order. Members of the Board were present as follows: Trustees Susan Eversmeyer, Steven Bradford, Kevin Fields, Keith Porter and Tracy McGinnis.

Also present were Gage Huston, General Manager of Muscatine Power and Water; Brenda Christensen, Board Secretary; Charles Potter, Muscatine Journal; Erika Cox, Brandy Olson, Doug White and Brad Spratt of Muscatine Power and Water.

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

The minutes of the November 26, 2019, public hearing and regular meeting were presented as previously submitted to all Board members. Trustee Bradford moved, seconded by Trustee Fields, that the minutes be approved and placed on file as submitted. All Trustees voted aye. Motion carried.

The list of expenditures and transactions for November 2019 was presented as previously submitted to all Board members. After review, Trustee Eversmeyer moved, seconded by Trustee Bradford, to ratify payments of \$10,292,174.27 for the Electric Utility, \$534,946.19 for the Water Utility, and \$1,365,563.33 for the Communications Utility for a total amount of \$12,192,683.79. All Trustees voted aye. Motion carried.

Mr. Huston introduced the next agenda item, a Recommendation to Set Dates for the Receipt of Bids/Conduct a Public Hearing for the Water Tower Refurbishment Project. He stated the Water Tower Refurbishment Project was approved with the 2020 Operating Budget for a total expenditure of \$561,000. The Water Tower Refurbishment Project has a scope of work estimate of \$457,000 and covers the labor, materials, tools, equipment, and supervision necessary for the Water Tower Refurbishment. Trustee Eversmeyer asked how the design process was moving forward from the contest MP&W won sponsored by the Iowa Finance Authority (IFA); Ms. Cox reviewed the timeline given to her by the state. Mr. Huston stated the entire water tower will still need painted before the wrap provided by a local artist and IFA could be added to the water tower. After discussion, the following resolution was submitted:

RESOLUTION 19-31

WHEREAS, plans and specifications have been prepared for Water Tower Refurbishment Project; and,

WHEREAS, said proposed plans and specifications and proposed form of contract are now on file with the Secretary of the Board and the Board finds the same are in substantial conformity with the requirements necessary to carry out said plans; now therefore, Water Tower Refurbishment Project is tentatively approved; and,

BE IT RESOLVED, that the date of February 4, 2020 at 3:00 p.m., is hereby set for receipt of bids on the Water Tower Refurbishment Project at which time the Board's duly appointed representatives are hereby authorized, empowered and directed to receive, open and read aloud all sealed bids, and receive and record all oral bids, and keep a written record of said proceedings and notice of receipt of bids to bidders is published not less than thirteen (13) days

nor more than forty-five (45) days prior to said date for receipt of bids all as required by the Code of Iowa; and,

BE IT FURTHER RESOLVED, that the hearing on said plans and specifications and proposed form of contract as provided by statute, be held at the office of the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa on February 25, 2020 at 5:28 p.m., and notice of public hearing to bidders be published not less than four (4) days nor more than twenty (20) days prior to said hearing all as required by the code of Iowa.

Trustee Bradford moved, seconded by Trustee Eversmeyer, that said resolution be passed, approved, and adopted this 19th day of December 2019. On roll call, Trustees Fields, Bradford, Eversmeyer, Porter, and McGinnis, voted aye. Voting nay, none. Resolution carried.

Next, Mr. Huston reminded the Board that the assumptions reviewed at the November Board meeting in the Water Utility's Ten-Year Financial Projections included a recommended revenue adjustment of three and a half percent (3.5%) effective April 1, 2020, and a similar adjustment for April 1, 2021. This recommended adjustment is consistent with the results of a Water Utility Cost of Service and Rate Design Study conducted by Dave Berg Consulting, LLC (DBC) in June 2019. The Water Utility's costs are reviewed based on the cost to serve each customer class and broken out by various classifications, including demand-related and commodity-related costs. The proposed rate adjustments are recommended based on an effort to closely align revenues with the costs to serve of the various customer classes. He continued that the results of the Water Cost of Service and Rate Design Study were reviewed with the Audit/Finance Committee at their July 20, 2019, meeting and the study showed that our cost to serve was very much in line with our rates. He continued with some information and details on items included in the cost of service study and pointed out that the study showed the rate adjustment was justified to make sure our cash balances did not fall below what staff was comfortable with; he also reviewed some of the recent and future projects for the Water Utility. Mr. Huston said the MP&W overall water rate increase for a residential customer will be approximately \$0.60 a month in 2020 and that MP&W rates continue to be very competitive and are some of the lowest in the state and across the nation.

RESOLUTION 19-32

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,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa that water revenue be increased by three and a half percent (3.5%) effective with water billings after April 1, 2020, and again after April 1, 2021.

BE IT FURTHER RESOLVED, that said increases be affected by adoption of the rate classes and rates based on the June 2019 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 Fields moved, seconded by Trustee Porter, that said resolution be passed, approved, and adopted this 19th day of December 2019. On roll call, Trustees Fields, Bradford, Eversmeyer, Porter, and McGinnis, voted aye. Voting nay, none. Resolution carried.

Mr. Huston next recommended the regularly scheduled November and December 2020 Board Meeting dates of November 24, 2020, and December 29, 2020, be rescheduled to Thursday, November 19, 2020, and Thursday, December 17, 2020 due to the holidays. Trustee Eversmeyer moved, seconded by Trustee Porter, that the Board Meeting dates be changed to Thursdays, November 19, 2020, and Thursday, December 17, 2020. All Trustees voted aye. Motion carried.

Chairperson McGinnis recommended Trustee Bradford be appointed to the MAGIC Board effective January 1, 2020, for a two-year term to represent Muscatine Power & Water, with his term ending December 31, 2022. Trustee McGinnis was thanked by Mr. Huston and the Board for her term of service on the MAGIC Board, which ends December 31, 2019. Trustee Eversmeyer moved, seconded by Trustee Porter, to appoint Trustee Bradford to the MAGIC Board effective January 1, 2020, for a two-year term. All Trustees voted aye. Motion carried.

In the General Manager's Report, Mr. Huston pointed out that MP&W is in ongoing negotiations through NCTC with Fox Networks and there are some future bowl games on these channels. Ms. Cox gave a brief review on negotiation strategies by NCTC, discussed some potential tactics Fox may use, and shared an overview of the exorbitant price increases being demanded by Fox. MP&W will stand behind NCTC as they continue to negotiate a fairer cost per customer. Mr. Huston next asked Ms. Cox to demo the new technology the FTTH team is using to speed up service area walkdowns/closeout process. Ms. Cox demonstrated how the team is using the GIS system and tablets, adding more efficiency and time savings to the process.

The November Financial Operating Statements and Balance Sheets for each Utility were reviewed by Mr. Spratt. After discussion, Trustee Fields moved, seconded by Trustee Porter, to receive and place on file the November Financial Operating Statements and Balance Sheets for the Water, Electric, and Communications Utilities. All Trustees voted aye. Motion carried.

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

The November departmental reports were presented as previously submitted to all Board. Mr. Huston reviewed the electric outage reports list and reasons for the increased outages. Ms. Cox reviewed the FTTH Project Service Area Status Report and what items still need to be completed before the crews leave for holiday break. Trustee Eversmeyer moved, seconded by Trustee Fields, to receive and place on file the November Departmental Reports. All Trustees voted aye. Motion carried.

Chairperson McGinnis asked if there were any other items of business. With no other items of business, the meeting was adjourned at 6:20 p.m.

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



Brenda Christensen
Board Secretary