

**PUBLIC HEARING OF THE  
BOARD OF WATER, ELECTRIC,  
AND COMMUNICATIONS TRUSTEES  
OF THE CITY OF MUSCATINE, IOWA  
NOVEMBER 26, 2013 – 5:28 P.M.**

The Board of Trustees conducted a public hearing in Muscatine Power and Water's Administration/Operations Building, 3205 Cedar Street, Muscatine, Iowa, on Tuesday, November 26, 2013 at 5:28 p.m.

Acting Chairperson Tracy McGinnis called the public hearing to order. Members of the Board were present as follows: Trustees Warren Heidbreder, Steven Bradford, Joan Axel and Tracy McGinnis. Trustee Doyle Tubandt was absent from the meeting due to previously scheduled travel plans.

Also present were Sal LoBianco, General Manager of Muscatine Power and Water; Jerry Gowey, Board Secretary; Duane J. Goedken, Board Attorney; Charles Potter, Muscatine Journal; Ann Peterson, Muscatine resident; Erika Cox, Brandy Olson, Tim Reed, Gage Huston, and Brenda Christensen of Muscatine Power and Water.

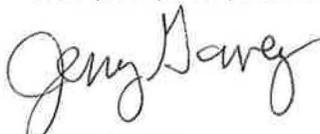
The purpose of the public hearing was to receive any citizens' comments regarding the 2014 Operating Budgets for the Electric, Water, and Communications Utilities.

The Acting Board Chairperson opened the public hearing at 5:28 p.m. to receive any citizens' comments regarding the 2014 Operating Budgets for the Electric, Water, and Communications Utilities and asked if anyone in attendance would like to address the Board regarding the 2014 operating budget or the budget estimate summary.

The Board Secretary stated that no written or oral comments were received regarding the budgets that were posted at City Hall, the Public Library, and MP&W Administrative offices for citizens' review and information. The Secretary stated that the hearing notice and the Budget Summary were also published in the local newspaper as required by the Code of Iowa.

The Acting Board Chairperson closed the public hearing for the 2014 Operating Budgets at 5:29 p.m.

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



Jerry Gowey  
Board Secretary



**OFFICIAL PROCEEDINGS OF THE  
BOARD OF WATER, ELECTRIC,  
AND COMMUNICATIONS TRUSTEES  
OF THE CITY OF MUSCATINE, IOWA  
NOVEMBER 26, 2013 - 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 26, 2013, at 5:30 p.m.

Acting Chairperson Tracy McGinnis called the meeting to order. Members of the Board were present as follows: Trustees Warren Heidbreder, Steven Bradford, Joan Axel, and Tracy McGinnis. Trustee Doyle Tubandt was absent from the meeting due to previously scheduled travel plans.

Also present were Sal LoBianco, General Manager of Muscatine Power and Water; Jerry Gowey, Board Secretary; Duane Goedken, Board Attorney; Charles Potter, Muscatine Journal; Ann Peterson, Muscatine resident; Erika Cox, Brandy Olson, Tim Reed, Gage Huston, and Brenda Christensen of Muscatine Power and Water.

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

The minutes of the October 29, 2013, regular meeting were presented as previously submitted to all Board members in written form. Trustee Heidbreder moved, seconded by Trustee Axel, that the minutes be approved and placed on file as submitted. All Trustees present voted aye. Motion carried.

The list of October expenditures and transactions was presented as previously submitted in written form to all Board members. After review, Trustee Axel moved, seconded by Trustee Bradford, to ratify payments of \$8,590,273.17 for the Electric Utility, \$541,135.00 for the Water Utility, and \$1,099,684.27 for the Communications Utility for a total amount of \$10,231,092.44. All Trustees present voted aye. Motion carried.

The next item on the agenda was a Recommendation for Final Acceptance for the Additional Railroad Spur for Coal Handling Project. Mr. LoBianco told the Board that this project was approved with the 2012 Operating Budget for a total expenditure of \$1,040,000 to install an additional railroad spur at the Generation site. The project was awarded to Trackmasters, Inc. at the August 2012 Board meeting for a contract price of \$852,438.00. Work covered by this contract is complete and has been reviewed by MP&W Management and found to be in accordance with the specifications. A Contract Change Order was submitted and MP&W Management recommends approval by the Board of Trustees for a total net increase in the amount of \$36,258.42, for a new final contract price of \$888,696.42. MP&W Management recommends proceeding with final acceptance and release of retainage.

After discussion and review, the following resolutions were submitted:

**RESOLUTION 13-25**

WHEREAS, Contract Change Order No. 1 has been prepared for the Additional Railroad Spur for Coal Handling Project in the increased amount of \$36,258.42 and said Contract Change Order was reviewed by the Board; Muscatine Power and Water Management has recommended approval of said Contract Change Order; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees that said Contract Change Order in the increased amount of \$36,258.42 be approved for an amended contract price of \$888,696.42 for the Additional Railroad Spur for Coal Handling Project.

Trustee Bradford moved, seconded by Trustee Axel, that said resolution be passed, approved, and adopted this 26<sup>th</sup> day of November 2013. On roll call, Trustees Heidbreder, Bradford, Axel, and McGinnis voted aye. Trustee Tubandt was absent. Voting nay, none. Resolution carried.

**RESOLUTION 13-26**

WHEREAS, it appears in a written report from Muscatine Power and Water Management that the contract with Trackmasters, Inc. for Additional Railroad Spur for Coal Handling Project in the final amount of \$888,696.42 has been substantially completed in accordance with the project specifications and the recommendation has been made that said contract be accepted by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that the Additional Railroad Spur for Coal Handling Project, furnished under the above named contract be accepted and approved by the Board; and,

BE IT FURTHER RESOLVED, that five percent (5%) of the contract price be retained for a period of thirty-one (31) days from and after the date of resolution, all in accordance with the provisions of the Code of Iowa.

Trustee Bradford moved, seconded by Trustee Heidbreder, that said resolution be passed, approved, and adopted this 26<sup>th</sup> day of November 2013. On roll call, Trustees Heidbreder, Bradford, Axel, and McGinnis voted aye. Trustee Tubandt was absent. Voting nay, none. Resolution carried.

Mr. LoBianco stated the next agenda item was approval of the 2014 Operating Budgets that had been presented for comments at the October Board of Trustees meeting. Mr. LoBianco reviewed revisions that were made to the budget in both the Electric and Water Utilities; the Board was asked to approve the 2014 Annual Operating Budgets for Electric, Water, and Communications Utilities. Trustee Bradford moved, seconded by Trustee Axel, to approve the 2014 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 2014 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 hearing was conducted earlier in the evening. The following resolution was submitted:

**RESOLUTION 13-27**

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that the annual budgets for calendar year 2014, as set forth in the Utility's revised 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, Iowa.

Trustee Heidbreder moved, seconded by Trustee Axel, that said resolution be passed, approved, and adopted this 26<sup>th</sup> day of November 2013. On roll call, Trustees Heidbreder, Bradford, Axel, and McGinnis voted aye. Trustee Tubandt was absent. Voting nay, none. Resolution carried.

Mr. LoBianco reminded the Board that at the October Board meeting, the 2014 Water Utility's annual Operating Budget that was presented included a price adjustment. Consistent with what was included in the Budget and based on an updated Cost of Service Study, a revenue adjustment of five and a half percent (5.5%) is recommended effective with April 1, 2014, water consumption. Mr. LoBianco stated that the major drivers for the revenue increase were the projected operating costs, maintenance costs, and capital requirements over the next ten years, along with ensuring adequate bonding capacity for future debt requirements. The Board was provided schedules showing the impact of the recommended revenue adjustment on selected operating and financial indicators, as well as a summary of the cost-of-service rate design results for the five and a half percent (5.5%) revenue increase. This revenue adjustment will increase the average residential customers' monthly cost by one dollar and nineteen cents (\$1.19). 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 13-28**

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 a revenue increase is 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 five and a half percent (5.5%) effective with water usage starting April 1, 2014; and,

BE IT FURTHER RESOLVED, that said increase be effected by adoption of the rate classes and rates proposed by management,

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

Trustee Bradford moved, seconded by Trustee Heidbreder, that said resolution be passed, approved, and adopted this 26<sup>th</sup> day of November 2013. On roll call, Trustees Heidbreder, Bradford, Axel, and McGinnis voted aye. Trustee Tubandt was absent. Voting nay, none. Resolution carried.

Mr. LoBianco stated that the negotiations with the International Brotherhood of Electrical Workers, Local 55.10, were held in early November and a tentative agreement was reached after a day and a half of negotiations. The Union approved the agreement with the understanding that the Board of Trustees must also vote to accept/ratify the agreement. Mr. LoBianco recognized both teams in the successful negotiations, and said that Ms. Cox, Director of Employee Services, would summarize the agreement and answer any questions that the Board of Trustees had. Ms. Cox reviewed the terms of the agreement and questions and discussion was conducted on the agreement. The Board congratulated the negotiations team on their work throughout the year to make the negotiation sessions go more smoothly and for achieving a voluntary, multi-year settlement with reasonable wage increases and health insurance changes. Trustee Heidbreder moved, seconded by Trustee Axel, to approve the three-year agreement with the International Brotherhood of Electrical Workers, Local 55.10, as previously outlined and discussed. Motion carried. All Trustees present voted aye.

Next, Mr. LoBianco told the Board that the 2014 Strategic Plan had been included under separate cover with the November Board packet and reminded the Board that approval would be requested at the December Board meeting. Mr. LoBianco stated that the strategic plan has been updated utilizing survey results and feedback from Trustees and employees, along with input received from a working session that included the Trustees, Directors, and General Manager. Mr. LoBianco reviewed several changes to the 2014 Strategic Plan including the update to the Critical Issues, and the Strengths, Weaknesses, Opportunities and Threats (SWOT) for the Utility as a whole and each Utility. Mr. LoBianco requested that any additions or comments on the Strategic Plan be directed to him.

In the General Manager's report, Mr. LoBianco reviewed his previously submitted memorandum regarding the Sanitary Survey conducted by the IDNR on the MP&W water system. The survey concluded that MP&W has met all the compliance standards, had no monitoring violations, and no significant deficiencies that warranted immediate attention. Mr. LoBianco also called the Trustees attention to the 2014 MP&W calendars that were provided and complemented all involved in the production of the calendars.

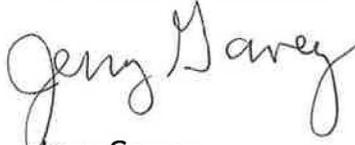
The October Financial Operating Statements and Balance Sheets were presented as previously submitted to all Board members in written form. Mr. Gowey gave a brief update on each utility for the month of October. After review, Trustee Heidbreder moved, seconded by Trustee Bradford, to receive and place 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 Axel moved, seconded by Trustee Bradford, to receive and place on file the October departmental reports. All Trustees present voted aye. Motion carried.

Acting 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  
COMMUNICATIONS TRUSTEES OF THE CITY  
OF MUSCATINE, IOWA

A handwritten signature in cursive script that reads "Jerry Gowey". The signature is written in dark ink and is positioned above the printed name and title.

Jerry Gowey  
Board Secretary

