

**Resolution # \_\_\_\_\_**  
**Notice and Call of Public Meeting**

Governmental Body: The Board of Directors of Xenia Rural Water District, State of Iowa.  
Date of Meeting: Thursday, December 22, 2016  
Time of Public Meeting: 4:00 p.m.  
Place of Meeting: Xenia Rural Water District Office, 23998 141st Street, Bouton, Iowa

PUBLIC NOTICE IS HEREBY GIVEN that the above mentioned governmental body will meet at the date, time and place above set out. The tentative agenda for said meeting is as follows:

Call to Order of the Public Meeting	Chairman of the Board
1. Approve Agenda	Board Members
2. Approve November 17, 2016 Board Meeting Minutes	Board Members
3. Review Financial Reports	Controller
• Statement of Net Assets	
• Income Statement Schedules	
• Statement of Cash Flows	
• Operating Checking Transactions (separately reviewed by Board Treasurer)	
• Bond Reserve and Sinking Fund Allocations	
4. Customer Service & Accounts Receivable	Controller
• Accounts Receivable Aging/Cut-offs/Reinstatements	
• New Customers/Water User Agreements/ Occupant Deposit Listing/Voluntary Terminations	
• Water Consumption Report	
5. 2017 Property Insurance	CEO/GM
6. 2017 Health Insurance	CEO/GM
7. Payment to Iowa Finance Authority	CEO/GM
8. Authorize State Auditor's Office to Perform Annual Audit	CEO/GM
9. 2017 Chemical Bids	CEO/GM

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|---|---------------|
| 10. Coats Wastewater Rates  | CEO/GM        |
| 11. Water Rate for Flint Hills Ethanol Plant at Menlo   | CEO/GM        |
| 12. Water Rate for Poet Ethanol Plants at Jewell and Gowrie   | CEO/GM        |
| 13. Water Rates for Bulk and Emergency Customers  | CEO/GM        |
| 14. Vehicle Purchase  | CEO/GM        |
| 15. CEO/GM Performance Evaluation and Adjustment  | CEO/GM        |
| 16. Manager's Updates   | CEO/GM        |
| • Adel  |               |
| • Employee Reviews  |               |
| 17. Departmental Reports  | CEO/GM        |
| 18. Old Business  | Board Members |
| 19. New Business  | Board Members |
| 20. Public Comments   | Audience      |
| 21. Next Board Meeting will be January 19, 2017 at 5:00 pm, Finance Committee meeting will be held January 19, 2017 at 4:00 pm. |               |

Adjournment

This notice is given at the direction of the Chairperson pursuant to Chapter 21, Code of Iowa, as amended, and the local rules of said governmental body.

Secretary, Xenia Rural Water District,  
State of Iowa

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Xenia Rural Water District, State of Iowa



23998 141<sup>st</sup> Street  
 Bouton, IA 50039  
**BOARD OF DIRECTORS**  
**AGENDA ITEM FORM**

Meeting Date: 12/22/2016  
 Agenda Item # 5

**Subject: 2017 Property Insurance**

Xenia’s Property and Casualty insurance plan historically had renewed on May 1<sup>st</sup>. To aid in the budgeting process for future years, staff has worked with True North, our insurance broker, to cancel and renew our current plan on January 1, 2017. Below is a breakdown of the renewal quote. Staff took the plan out to bid last year, with EMC providing the lowest quote.

The renewal quote is an 8% increase in premium from last year’s policy, but it includes a significant increase in our coverage for our Bond/Crime policy, in which the coverage increases from \$1,000,000 to \$7,560,000. The cost increase for this extra coverage is \$4,487. The remaining increase in cost is \$2,888 or a 3% increase. This increased coverage will satisfy the bond requirement per the 2016 Bond resolution and remove that comment from our audit. The Commercial Auto policy renewed at the same 2016 rate per vehicle, but we have 3 additional vehicles insured compared to last year. The premium will be reduced as we sell off our excess vehicles.

	<b>Present</b>	<b>Renewal</b>
Property	\$45,078	\$44,372
Inland Marine	5,348	5,348
General Liability	11,056	13,200
Commercial Auto	16,159	18,672
Bond/Crime	2,054	6,325*
Umbrella/Excess Liability	4,411	4,425
Cyber Solutions	792	791
Directors & Officers	7,187	6,948
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<b>Total Policy</b>	<b>\$92,715</b>	<b>\$100,090</b>

\*Renewal for the Bond insurance will cover the \$7,560,000 requirement per the 2016 Bond resolution and will eliminate future audit comments.

Budget 2016 Impact - Allowance in Budget: \$102,060 Estimated Premium: \$100,090. Renewal will be under budget by \$1,970. The premium increased \$4,487 to cover the Bond Resolution requirements.

**Recommended Action:** Accept True North’s Quote of \$100,090 for 2017 Property & Casualty Insurance Renewal.

**Motion from Board:** Motion to accept True North’s Quote of \$100,090 for 2017 Property & Casualty Insurance Renewal.

Prepared By: Corey Iben  
 Title: HR & Administration Manager

Reviewed By: \_\_\_\_\_  
 Title: General Manager/CEO



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Meeting Date: 12/22/2016  
Agenda Item # 6

**Subject: 2017 Health Insurance**

April 1<sup>st</sup> has been the renewal date for Xenia’s medical and dental insurance plans along with our short term and long term disability plans. Staff informed the Board at the February 2016 meeting of their intention to move the renewal date for these plans to January 2017. Wellmark has given Xenia its’ renewal quote, which is an average of a 12% increase on Xenia’s existing plans.

The 2017 budget for all health benefits is \$184,860. With the health insurance renewal options available, the cost for insurance in 2017 will be a maximum of \$151,249, which is an increase of 15%. The 15% increase is based on employees renewing with the highest premium plan and also an increase in the number of lives that are insured (Xenia lost an employee that was insured as a single and was replaced with an employee that will be insured as a family).

For the 2017 renewal, Xenia will offer an alternate plan to the high-deductible plan offered last year as no employee chose that plan. The alternative is a Mercy only plan. This plan is a 1% increase on average from last year’s premiums.

Xenia’s dental insurance was not able to be renewed on January 1<sup>st</sup>, and will continue with a renewal date of April 1<sup>st</sup>.

Short and Long Term Disability are administered through Unum, and the premiums will remain unchanged for 2017.

**Budget 2017 Impact - Allowance in Budget: \$184,860                      Current Estimate \$175,550**  
The current estimate is based on the maximum amount Xenia would spend on insurance premiums for health and dental insurance along with short and long term disability. The amount could decrease based on employee plan choices.

**Recommended Action:**  
Approve the renewal of health insurance with Wellmark BCBS effective January 1, 2017.

**Motion from Board:**  
Motion to approve the renewal of medical insurance with Wellmark BCBS effective January 1, 2017.

Prepared By: Corey Iben  
HR & Administration

Reviewed By: \_\_\_\_\_  
CEO/General Manager



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Meeting Date: 12/22/2016  
Agenda Item # 7

**Subject: Payment to Iowa Finance Authority**

In 2007, Xenia defaulted on \$1,468,168.38 of subordinate debt owed to Iowa Finance Authority (IFA). As a result of Xenia's debt restructuring, the interest rate on the IFA loan is 0%.

Under the Forbearance Agreement, Xenia was allowed to pay up to \$25,000 toward subordinate debt.

Xenia is not obligated to make any debt payments to IFA until 2032, however in the past the District has opted to make good-faith payments in the event a loan from the IFA is needed.

The current outstanding balance on the IFA loan is \$1,413,168.38.

**Budget 2016 Impact - \$25,000 has been earmarked in the budget for subordinate debt payments.**

**Recommended Action: Approve the payment of \$25,000 to Iowa Finance Authority for December 23, 2016.**

**Motion from Board: Motion to approve the payment of \$25,000 to Iowa Finance Authority for December 23, 2016.**

Prepared By: Gary Andrews  
Controller

Reviewed By: \_\_\_\_\_  
CEO/General Manager



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Meeting Date: 12/22/2016  
Agenda Item # 8

**Subject: Authorize State Auditor's Office to Perform Annual Audit**

The State Auditor's office has performed Xenia's annual audit since 2009. Their fees are competitive and they have a staff familiar with Xenia and audit programs in place from prior years to perform the audit in an efficient manner which should result in a cost similar to last year (\$26,305). Also, having the State Auditor's office perform the annual audit lends credibility to the accuracy of Xenia's financial reports.

**Budget 2017 Impact**  
\$28,000 has been budgeted for the 2016 annual audit.

**Recommended Action:** Authorize the State Auditor's office to perform Xenia's 2016 annual audit.

**Motion from Board:** Motion to authorize the State Auditor's office to perform Xenia's 2016 annual audit.

Prepared By: Gary Andrews  
Controller

Reviewed By: \_\_\_\_\_  
CEO/General Manager



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Meeting Date: 12/22/2016  
  
 Agenda Item # 9

Subject: 2017 Chemicals

Staff sent out bid packets to obtain quotes for chemicals to be used in 2017 at water treatment plants and booster/pump stations. Packets were sent to between two and four chemical suppliers depending on the chemical. Bids were opened on December 7, 2016. A summary of the bids received is on an attached spreadsheet. The second attachment shows the cost savings for 2016.

Five six chemicals are down in cost from 2016 and one chemical is the same cost from 2016.

The low bid prices (delivered) for the six chemicals are listed in the table below.

Chemical	Vendor	Cost	Annual Usage	Annual Cost	
Lime	Western Lime	\$170/ton for Woodward	152 tons	\$25,840	
		\$171/ton for Stratford	639 tons	\$109,269	
Fluoride	ACCO	\$4.25/gallon for Woodward	120 gallons	\$510	
		\$3.45/gal for Stratford	948 gallons	\$3,309	
12.5% Hypo	ACCO	\$1.02/gal at Clive BS	6,400 gallons	\$6,528	
		\$1.10/gal at Boone	1,143 gallons	\$1,257	
Gas Chlorine	Hawkins WTG	\$0.44/pound	13,500 pounds	\$5,940	
PAC	Chem-Sult	\$0.49/pound	9,125 pounds	\$4,471	
Ammonium Sulfate	Hawkins WTG	\$2.80/gallon	6,116 gallons	\$17,124	
				Subtotal	\$174,248
Carbon Dioxide (Vendor is Linde by contract with tank rentals)					<u>\$29,460</u>
CO2 cost increased 2% for Woodward and 3% for Stratford (\$757 increase)				Total	\$203,708

Total estimated cost for chemicals in 2017 is \$203,708.

Budget 2017 Impact – the 2017 budget includes \$265,000 for chemicals. The chemical costs based on estimated usages would be \$61,292 under the budget.

Recommended Action: Approve the chemical suppliers and costs for 2017 chemicals as listed in the table above.

Motion from Board: Motion to approve the chemical suppliers and costs for 2017 chemicals as listed in the table above.

Prepared By: Dominic Hayden  
 Treatment Manager

Reviewed By: \_\_\_\_\_  
 CEO/General Manager

Attachments



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Meeting Date: 12/22/2016  
Agenda Item # 10

**Subject: Coats Wastewater Rates**

Xenia maintains both a water distribution system and wastewater system for the Coats subdivision. The current wastewater rate is structured based on water consumption as follows:

Base rate: \$30.00/first 2,000 gallons  
Variable: \$2.05/each 1,000 gallons beyond the first 2,000 gallons

Staff has determined based on the 2016 cost of service study that the base rate should increase to \$31.00 and the variable rate should increase to \$2.15. Last year was the first year Coats residents have seen a sewer rate increases since Xenia took over the Coats system in 2007.

The major considerations for the increase are:

1. Xenia will be spending roughly \$557,000 to refurbish the wastewater system/lagoon over the next two years.
2. Xenia paid off Coats' \$40,232 outstanding wastewater loan assumed by the District.
3. Xenia is striving for a 35-year payback on the loan and cost of infrastructure improvements.

**Budget 2017 Impact:**

The rate increase should result in an additional \$924 of wastewater revenues per year.

**Recommended Action:** Increase the wastewater rate for the Coats subdivision to a base rate of \$31.00 and a variable rate of \$2.15 for each 1,000 gallons over the 2,000 gallon base and authorize staff to provide notification.

**Motion from Board:** Motion to increase the wastewater rate for the Coats subdivision to a base rate of \$31.00 and a variable rate of \$2.15 for each 1,000 gallons over the 2,000 gallon base and authorize staff to provide notification.

Prepared By: Gary Andrews  
Controller

Reviewed By: \_\_\_\_\_  
CEO/General Manager





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Meeting Date: 12/22/2016  
  
Agenda Item # 11

**Subject: Water Rate for Flint Hills Ethanol Plant at Menlo**

The Flint Hills facility currently has a rate of \$2.87/1000 gallons. The 2016 cost of service study shows the cost to be \$3.05/1,000 gallons. The primary reason for the increase is due to the DMWW rate increase.

The contract between Xenia and Flint Hills ethanol plant calls for annual adjustments to the current cost per 1,000 gallons rate charged. The adjustment is calculated as the *greater* of (a) difference in cost of water production per 1,000 gallons for the prior year and the rate charged in the prior year; or (b) the cost of governmental mandated changes on a per 1,000 gallon basis.

For the current year, the calculation is:  
\$2.87 current rate  
Plus the greater of (a) \$0.18 or (b) \$0.00  
Equals \$3.05/1,000 (\$2.87 + \$0.18)

**Budget 2017 Impact**

The rate increase should result in an additional \$51,300 of industrial water revenues (assuming an annual consumption of 285,000,000 gallons).

**Recommended Action:** Increase the rate for the Flint Hills Ethanol Plant to \$3.05/1000 gallons and authorize staff to provide notification.

**Motion from Board:** Motion to increase the rate for the Flint Hills Ethanol Plant to \$3.05/1000 gallons and authorize staff to provide notification.

Prepared By: Gary Andrews  
  
Controller

Reviewed By: \_\_\_\_\_  
  
CEO/General Manager



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Agenda Item # 12

**Subject:** Water Rate for Poet Ethanol Plants at Jewell and Gowrie

The two Poet facilities currently have a rate of \$1.77/1,000 gallons. The 2016 cost of service study shows the cost to be \$1.51/1,000 gallons.

The contracts between Xenia and the Poet ethanol plants call for annual adjustments to the current cost per 1,000 gallons rate charged. The adjustment is calculated as the *greater* of (a) difference in cost of water production per 1,000 gallons for the prior year and the rate charged in the prior year; or (b) the cost of governmental mandated changes on a per 1,000 gallon basis.

For the current year, the calculation is:  
\$1.77 current rate  
Plus the greater of (a) -\$0.26 or (b) \$0.00  
Equals \$1.77/1,000 (\$1.77 + \$0.00)

**Budget 2017 Impact:** No impact

**Recommended Action:** Keep the rate for the Poet Ethanol Plants at \$1.77/1000 gallons and authorize staff to provide notification.

**Motion from Board:** Motion to keep the rate for the Poet Ethanol Plants at \$1.77/1000 gallons and authorize staff to provide notification.

**Prepared By:** Gary Andrews  
Controller

**Reviewed By:** \_\_\_\_\_  
CEO/General Manager

Attachments



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Meeting Date: 12/22/2016

Agenda Item # 13

**Subject: Water Rates for Bulk and Emergency Connections**

Cost of service studies have been prepared for the cities of Minburn, Stuart, Churdan, Slater, Grimes, Dallas Center and Dexter. The following are the results of the cost of service studies:

The **City of Minburn's** current rate is \$5.20/1,000 gallons. The 2016 cost of service study shows the cost to be \$4.68/1,000 gallons.

The **City of Stuart's** current rate is \$3.37/1,000 gallons. The 2016 cost of service study shows the cost to be \$3.37/1,000 gallons.

The **City of Churdan's** current rate is \$3.25/1,000 gallons. The 2016 cost of service study shows the cost to be \$1.61/1,000 gallons.

The **City of Slater's** current rate is \$4.25/1,000 gallons. The 2016 cost of service study shows the cost to be \$2.90/1,000 gallons.

The **City of Grimes's** current emergency rate is \$5.25/1,000 gallons. The 2016 cost of service study shows the cost to be \$3.24/1,000 gallons.

The **City of Dallas Center's** current emergency rate is \$5.25/1,000 gallons. The 2016 cost of service study shows the cost to be \$3.24/1,000 gallons.

The **City of Dexter's** current emergency rate is \$5.25/1,000 gallons. The 2016 cost of service study shows the cost to be \$3.05/1,000 gallons.

**Budget 2017 Impact:**

No impact on budget. Current rates were used for the 2017 budget.

**Recommended Action:** Because the cost of service for each city is less than or equal to the current rates, Xenia staff recommend keeping the bulk water rates for the cities of Minburn, Stuart, Churdan and Slater unchanged and the emergency water rates for Grimes, Dallas Center and Dexter unchanged.

**Motion from Board:** Motion to keep bulk water rates for the cities of Minburn, Stuart, Churdan and Slater unchanged and the emergency water rates for Grimes, Dallas Center and Dexter unchanged. Authorize staff to provide notification.

Prepared By: Gary Andrews

Controller

Reviewed By: \_\_\_\_\_

CEO/General Manager

Attachments



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Meeting Date: 12/22/2016  
 Agenda Item # 14

**Subject: Vehicle Purchase**

The 2017 capital budget included replacing eight current pickups with new vehicles. The budget includes \$160,000 for these vehicle replacements. Earlier this year, we purchased some mid-sized pickups and those have worked well and they are over \$5,000 cheaper than full-sized pickups. In looking at what the new pickups will be used for, staff has decided to recommend purchasing four mid-sized pickups and four full-sized pickups. Based on previous repair/maintenance experiences we have had with Ford and Dodge pickups, we prefer to purchase Chevrolet pickups for the full-sized pickups. We solicited quotes from three Chevrolet dealers for the full-sized pickups. Based on the price differences we received for the mid-sized pickups earlier this year, we requested quotes from three Nissan dealers for the mid-sized pickups. The quotes received are:

	Karl Chevrolet	Bob Brown	Woodhouse Auto Family	Hummel's Nissan	Lithia Nissan
Full-sized Pickup	\$27,615	\$27,522	\$27,618		
Mid-sized Pickup			\$22,099	\$23,899	\$23,436

Based on the bids, staff will recommend purchasing four full-sized pickups from Bob Brown at a total cost of \$110,088 and four mid-sized pickups from Woodhouse Auto Family at a total cost of \$88,396. The total for all eight pickups would be \$198,484

Budget 2017 Impact - Allowance in Budget: \$160,000      Current Estimate: \$198,484  
 The recommendation would put us \$38,484 over budget but by the time we sell (outright or at a DOT auction) the eight pickups being replaced, we should be well under budget. Staff will report back to the Board the final cost of the new vehicles compared to budget once all eight surplus vehicles are sold.

**Recommended Action:** Approve the purchase of four new full-sized pickups from Bob Brown for \$110,088 and four new mid-sized pickups from Woodhouse Auto Family for \$88,396.

**Motion from Board:** Motion to approve the purchase of four new full-sized pickups from Bob Brown for \$110,088 and four new mid-sized pickups from Woodhouse Auto Family for \$88,396.

Prepared By: Gary Benjamin  
 CEO/General Manager

Reviewed By: \_\_\_\_\_  
 CEO/General Manager



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Meeting Date: 12/22/2016

Agenda Item # 15

**Subject: CEO/GM Performance Evaluation and Adjustment**

The Executive Committee met with the CEO/GM to discuss performance for 2016 and possible compensation adjustment. The Committee would like to discuss these items with the full Board.

**Budget 2017 Impact – The budget approved for 2017 included 3% for possible salary adjustment.**

**Recommended Action: Recommendation regarding performance and adjustment will come from the Board.**

**Motion from Board: Motion regarding performance and adjustment will come from the Board.**

Prepared By: Gary Benjamin  
CEO/General Manager

Reviewed By: \_\_\_\_\_  
CEO/General Manager