

# Central Iowa Water Works Regionalization Plan

## Questions & Answers

### Metro Regionalization Explanation: Who & What Prompted a New Discussion

#### *What does regionalization mean?*

The term regionalization is used in this case to describe cooperation among communities, utilities, and rural water districts. While regionalization can mean anything from complete centralization to shared governance responsibility, the Central Iowa Water Works is an entity owned by several communities and utilities looking for the best way to ensure ample drinking water supply and quality to the Des Moines Metro Area.

#### *Why regionalize now?*

Quality drinking water is essential to the health and growth of every community. Many of the communities and utilities in the metro already have a purchasing relationship with Des Moines Water Works. As we project the growth of the metro area, it is clear that additional treatment facilities and source water will need to be identified and built to keep pace with future demand. West Des Moines Water Works performed such a study and has received permits from the Iowa Department of Natural Resources to build a new treatment facility near Van Meter; however, comprehensive financial analysis shows that investing in shared source and treatment with the full metro region could save WDMWW ratepayer 30 percent over the next 40 years.

#### *Who and what entity is driving this?*

The concept of regionalization has been discussed for years. In 2017, the discussions became more serious with formal third-party studies conducted. In recent months, metro area communities and utilities as well as rural water districts worked more closely on a plan. Providing an ample supply of quality drinking water to meet today's demands as well as future growth are shared priorities. The Board of Trustees and senior management of West Des Moines Water Works have been independently studying options to ensure that our community has the water it needs today and in the future.

CIWW provides that assurance while maintaining the utility's independence. The new structure provides a compelling 30-percent cost savings in water treatment and production for WDMWW ratepayers over the next four decades.

#### *Isn't this just Des Moines Water Works snapping up all of the assets and power from the suburbs?*

The goal of forming the Central Iowa Water Works is that no utility or community has complete or centralized control. DMWW will not have majority on its own in this shared-governance structure.

#### *Is this happening because Des Moines Water Works needs money for infrastructure and a new nitrates removal plant?*

Regionalization of water production is compelling now because of the growth of the metro area and the shared vision among communities, utilities and rural districts to work together and collaborate on water treatment and production and source water expansion. The financial modeling shows that together we can achieve economies of scale and cost-savings that ultimately benefit all of our ratepayers and customers.

As a customer of Des Moines Water Works, WDMWW has long been sensitive to surface water quality issues such as nitrates that may present in the water we purchase, especially since our treated deep-well water is not affected by nitrates. CIWW will be the entity responsible for treatment and production and we will now have voice in how these problems are addressed and at what cost.

*How much of the urgency to “regionalize” is because the legislature is putting pressure on the metro area?*

While the legislative interest in the metro may have publicized regionalization, it has been a topic of discussion for many years. Moreover, we have many examples of how we work with Des Moines Water Works and other utilities, which is regionalized cooperation and collaboration. It’s really nothing new in the water industry.

### **CIWW Details: Organizational Comparison**

*How is this different than the current model of the suburbs buying water from Des Moines Water Works?*

The existing model does not allow those who buy water from Des Moines Works to have any say in the management of water treatment and production or in the expansion of source water. Moreover, the entities that own and direct the new utility will have complete transparency about costs, pricing and production. We expect this to enhance understanding of and confidence in cost allocation.

*Do we lose our current water utility autonomy?*

CIWW is a shared-governance production utility. Each utility, city or rural water district continues to maintain its own distribution systems and functions such as rate-setting, billing, maintenance, engineering (as relates to storage, pumping and distribution). The WDMWW board of trustees will continue to set our policies and the professional management staff will also remain in place. Together, the trustees and management will have essentially the same responsibilities and duties to WDMWW ratepayers.

*What happens to West Des Moines’s permits?*

WDMWW continues to hold the permits, though the utility has no immediate plans to build the Van Meter treatment facility. In comparing the cost of joining the metro utility with the costs of building a new treatment plant in Van Meter, the committee found that belonging to CIWW will save WDMWW customers over the long term.

*Who is participating in CIWW? Why isn’t Altoona (just an example) joining this regional board?*

The list of participating communities, utilities and rural water districts is not final yet. The Planning/Regionalization Committee of the WDMWW Board of Trustees has recommended that the full board approve a resolution to move forward with joining CIWW.

## CIWW Details: Board & Staff

### *What is the composition of the CIWW board?*

The Central Iowa Water Works Board will be made up of representatives from the founding entities with each having one vote. The exception is Des Moines Water Works, which will have two board positions.

### *Why does Des Moines Water Works get two board seats on CIWW?*

The configuration of the CIWW board is based on the population of the community. All communities with more than 100,000 people get an additional seat. At this time, Des Moines Water Works is the only utility that qualifies. However, the board and ownership structure makes it impossible for DMWW to have a majority by itself.

### *Who selects the board members for the new water works board?*

Each CIWW board member will be selected by the participating entity's water utility board or city council. For example, the representative for West Des Moines Water Works will be selected by the utility's trustees.

### *To whom is the new board accountable?*

The CIWW board is accountable to its founding entities, which are accountable ultimately to customers.

### *What kind of powers does this new board have? For example, could it sue rural counties that pollute the rivers upstream?*

The board of Central Iowa Water Works has the same responsibilities as any water board. It provides policies and directions and ratifies the decisions of management. Again, no one entity will be able to set policy and direction; rather it will take the majority of those communities who participate.

### *Who will be the CEO or general manager of Central Iowa Water Works?*

The new executive director will be an individual who is not currently employed by any of the participating entities. The new board may also choose a third-party firm to serve in this capacity. The board members, representatives of each of the participants in CIWW, will be actively involved in the selection of the executive director.

### *How will CIWW be staffed?*

Depending on if the new Board chooses a firm or an executive director, support services such as administrative assistance may be utilized within the firm or completed by contract. The new board will also contract legal services, financial services and any other services it might need to function.

### *What happens to our WDMWW employees?*

At this time nothing will change for WDMWW employees. The CIWW proposal includes a 20-year contract for WDMWW to continue operating the A.C. Ward facility.

## CIWW Details: Creation Steps & Timing

### *When will CIWW be established, up and running?*

All participating entities will need to approve the necessary 28E/F agreements for the new Central Iowa Water Works to become operational. The process is expected to be completed in early 2023. Asset transfer to CIWW will take up to five years from those entities contributing their treatment-production facilities and core mains.

### *Is this a done deal? What could stop CIWW from being formed?*

At this time, the board subcommittee is recommending that the Board of Trustees move forward with regionalization. A full vote will take place on December 15, 2021, at the Board of Trustees regular meeting. If the Board chooses to move forward, the new utility will not formally be established until the 28E/F documents are signed. It will be important that a critical mass of cities, rural waters, and board governed water utilities participate to move the regional water effort forward.

### *Why don't we the people get to vote on this?*

The Board of Trustees are appointed by the mayor and approved by the city council to act with all authority to carry out policy and decision making for the water utility. This is also outlined in Iowa Code Section 388.4 (2). The Board of Trustees is committed to acting in the best interest of WDMWW's rate payers and making sound financial decisions to keep rates affordable. While the ratepayers will not vote on this, public comments and input are welcomed and desired on this important decision regarding our future for water supply. Three public forums are being held to allow customers and constituents to provide opinion and comments. In addition, customers are welcome to call 515-222-3510 with questions and comments or email [comments@wdmww.com](mailto:comments@wdmww.com).

- A joint workshop with the West Des Moines City Council on November 30 at 5:30 p.m.;
- The WDMWW special meeting on Monday, December 6, at 4 p.m. – 1505 Railroad Ave., West Des Moines;
- A public information meeting on Tuesday, December 14, at 5:30 p.m. in the Council Chambers at West Des Moines City Hall.

### *If other communities and utilities choose to not join, what will WDMWW do? How many entities need to participate for WDMWW to move forward?*

If a significant number of water utilities do not join, WDMWW will need to review the financial considerations to make sure that it remains the best option for our rate payers. Since entities vary in size, we are looking for a critical mass of participating entities to support regionalization and help move it forward.

## CIWW Details: Community Cost

*Does WDMWW have to pay to join CIWW? If so, what will that cost?* WDMWW will pay to join the CIWW along with contributing its treatment and water production facilities. However, when the cost of joining the metro utility is compared with the costs of building a new treatment plant in Van Meter, belonging to CIWW will save WDMWW customers over the long term.

*Why do some communities have to pay to get into this regional structure?*

The new utility requires a certain level of equity to be operational and some initial upfront contributions based on consumption will help fund the new utility. The communities that have been customers of DMWW and do not own any treatment and production facilities are contributing funding, which provides them a seat on the board of CIWW and structural transparency with respect to costs, production, source water expansion and other components essential to providing quality water services. West Des Moines Water Works owns the A.C. Ward Municipal Treatment Plant as well as 21 deep and shallow wells. Those assets will be transferred to CIWW over the next five years. WDMWW along with others will buy in their proportionate share of the system. For some that will own significantly more than they use, there will be a credit. Others that do not contribute production assets may need to pay more to join CIWW.

## CIWW Customer Impact

*West Des Moines Water Works has one of the lowest water rates in the metro (or at least that's what they tell me 😊) how does this new structure affect my rates?*

By joining CIWW, West Des Moines Water Works will save 30 percent over the next 40 years in projected costs. As always, the Board of Trustees is committed to affordable rates and quality drinking water.

*How will a regional utility affect my taxes?*

Any and all funds contributed by West Des Moines Water Works to help establish CIWW will come from its existing water revenues, not from new or existing taxes.

*Who is responsible for drinking water safety?*

Every entity that provides drinking water to its customer is responsible for quality and safety. By sharing in the governance of metro water production, all of the participants in CIWW will work together to ensure the source water treated and produced meets all state and federal laws for safety and quality.

*How does Saylorville's algae and microcystins affect my water going forward?*

WDMWW purchases water from DMWW and we are sensitive to the struggles for quality source water. Under a regional utility, WDMWW will have a seat at the table to determine the best course of action to provide safe drinking water to not only our customers but the entire metro. DMWW is actively pursuing multiple solutions to improve source water quality including expanding alluvial sources along the Des Moines River and working closely with partners in the watershed to support best management practices in agricultural fields to help improve the source water quality before it enters the river.

*Will my water taste better?*

Water will continue to be treated to meet all state and federal requirements for safety and quality.

*Where do I pay my bill?*

As a customer of West Des Moines Water Works, you will continue to pay your bill as you have. The methods include electronic AutoPay/FlexPay, electronic check, credit card, regular mail and in person at the WDMWW Administrative Office at 1505 Railroad Ave. in West Des Moines.

*Who do I call if a main breaks or I have trouble with my water?*

You continue to call West Des Moines Water Works at 515-222-3510.