

CENTRAL IOWA REGIONAL WATER MEETING

Wednesday, December 6, 2017

7:30 a.m.

Urbandale City Hall

3600 86th St, Urbandale, IA 50322

Present:

City of Ankeny – Mayor Gary Lorenz

City of Des Moines –

City of Johnston – City Councilmember David Lindeman

City of Urbandale – Mayor Bob Andeweg

City of Waukee –

City of West Des Moines – Mayor Steve Gaer

Des Moines Water Works – Sue Huppert, Board Chair; Bill Stowe, staff

Urbandale Water Works – John McCune, Board Chair; Dale Acheson, staff

West Des Moines Water Works – Karen Novak, Board Chair; Diana Wilson, staff

Also in attendance: Jason Mumm, FCS Group; and several members of the public.

1. Welcome – At 7:30 a.m., the meeting began and Mayor Gaer welcomed everyone.
2. Updates from Workshops – Mr. Mumm provided a progress report and recap from workshop sessions. The objective of the working group and the workshops is to engage in an inclusive regional dialog about the formation of a regional governance structure for water production. The desired outcome of this effort is a 28F intergovernmental agreement that regional water boards and municipalities are willing and able to sign.

At Workshop #5, the group built on concepts of business valuation:

- Continued to refine concept of reserve capacity.
- Clarification on available capacity between DMWW and Purchased Capacity.

The group answered additional questions raised regarding evaluation:

- Concepts for handling those without Purchased Capacity (e.g. Johnston)
- Handling debt
- Alignment of governance and asset transfer
- Understanding the inventory of assets
- Membership of the regional system: who is in?

To further explore asset transfer, the group needs to more carefully consider which assets should be included. Mr. Mumm sent out survey to asset owners and used feedback in Workshop #6.

At Workshop #6, Mr. Mumm presented the three options for consideration:

Option 1: Existing and Future Capacity

- New regional entity handles existing and future water production
- Involves transfer of existing assets

- High alignment with obligation to serve
- More difficult than other forms

Option 2: Future Capacity Only

- New regional entity handles future water production only
- No asset transfers necessary
- All existing capacity (assets) remain with owners
- Current agreements on use of existing capacity remain
- Partial alignment with obligation to serve
- Least difficult

Option 3: Expand DMWW Board

- Expanded board governs existing and future water production
- No asset transfers necessary
- Legal issues to address
- Benefits dependent on board set up and control
- Possible alignment with obligations

At Workshop #6, Mr. Mumm provided more details on the option to expand board.

What is it?

- The DMWW board is expanded to include more (TBD) members from the region
- Expanded board handles all water production.

What is it not?

- Does not interfere with local distribution decision making – that power is reserved for current DMWW board
- Does not require as much asset transfer
- Rather than forming a new board as in Options 1 and 2, it expands on the existing board for DMWW

There are legal and practical challenges of expanded board that was discussed. And additional complications were raised with regard to this option, including:

- How would other production facilities be managed?
- How would future ownership of assets be handled?

Meeting attendees raised the possibility that an additional board may need to oversee the two subset boards. Between these legal and practical complications, this alternative may be seen as more complex than originally anticipated.

Also at Workshop #6, Mr. Mumm provided details about responses from the asset inclusion survey. There was consensus on the majority of assets.

Total assets	36
Total agreement	23
Mostly agree	12
Multiple disagreement	1

The group also discussed the concept of “Used and Useful.” The asset must generally be “in service,” (i.e. useable) and assets are useful when they provide benefits to the ratepayers.

After going over the “used and useful” concept, the group used survey responses to go through all 13 assets without consensus. Technical and other reasons for inclusion were discussed and Mr. Mumm polled meeting attendees to gauge preferences. Mr. Mumm provided general poll results for three areas: 1) source of supply assets; 2) wells and treatment; and 3) storage, transmission and meters.

Mr. Mumm asked a final poll question to the group: *Please rank your preferred path forward: Future capacity only; Existing and future capacity; Expand DMWW Board.* The results were:

- 1) Existing and future capacity
- 2) Future capacity only
- 3) Expand DMWW Board

For Workshop #7, the agenda will include:

- Proposal for advancing the regional formation under Option 1
 - Inclusion of assets
 - Board formation and configuration
- Discuss agendas for week of December 11.

3. Discussion – Mayor Gaer sought feedback from the group about focusing efforts on *Option 1: Transfer of Existing and Future Capacity*. Ms. Novak stated that *Option 2: Future Capacity Only* should still be on the table. Ms. Huppert thanked the group for looking at all options. Mayor Gaer inquired about the process to validate water rates to justify to customers this is in the best interest in the region. Mr. Lindeman commented that there were previous discussions around jurisdiction boundaries, but the group needs to look regionally and the redundancy benefits. Mayor Gaer also inquired about the impact to Des Moines rate payers if certain wholesale customers left Des Moines Water Works. Ms. Huppert commented specifically on City of Johnston and the need for a win-win solution for all communities in the region. Mayor Gaer provided an example that City of Waukee that did not join WRA at the beginning, but came in later at a premium. Mayor Gaer also inquired about valuation of assets and compensation. Mr. Stowe commented on Mr. Mumm’s valuation process suggestion focusing on reserved capacity.
4. Public Comments – Mr. Dennis Henderson from City of Clive commented on their concern to protect current Purchased Capacity investment; however supportive of regionalization efforts.

Mayor Gaer noted the upcoming schedule:

- Workshop #7 – December 6, 4:00-6:00 p.m., Des Moines Water Works
- Workshop #8 – December 14, 4:00-6:00 p.m., Des Moines Water Works
- December 15, 7:30 a.m., Urbandale City Hall

Meeting adjourned at 8:02 a.m.