

# CENTRAL IOWA REGIONAL WATER WORKSHOP

Monday, April 23, 2018

3:00 p.m.

Des Moines Water Works

2201 George Flagg Parkway, Des Moines, IA 50321

Present:

City of Altoona – City Councilmember Vern Willey; Jim Utter, staff

City of Ankeny – Mayor Gary Lorenz; City Manager David Jones

City of Des Moines – Mayor Frank Cownie; Jonathan Gano, staff

City of Clive – Mayor Scott Circksena; City Manager Matt McQuillen

City of Grimes – Mark Arentsen, staff

City of Johnston – City Manager Jim Sanders; David Lindeman, representative

City of Urbandale – Mayor Bob Andeweg; City Manager AJ Johnson

City of Van Meter – Jake Anderson, staff

Des Moines Water Works – Sue Huppert, Board Chair; Dave Carlson, Board Member; Ted Corrigan, Peggy Freese, Amy Kahler, Laura Sarcone, Bill Stowe, and Michelle Watson, staff

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

Warren Rural Water – Stan Ripperger and Andy Fish, staff

West Des Moines Water Works – Jody Smith, Board Member; Diana Wilson, staff

Xenia Rural Water – Gary Benjamin, staff

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

At 3:01 p.m., the meeting began.

1. Introductory Remarks – Mayor Andeweg provided introductory remarks, including formation of a Steering Committee and Technical Committee to address issues related to the proposed regional authority's governance and formation. In Phase 1, communities came together to formally discuss a regional water utility. Various options were discussed, and asset transfer was selected as the option to explore. In Phase 2, a financial analysis will be completed. A determination of buy-in for communities and the establishment of Technical/Financial Committee and Steering Committee. The two committees will run parallel to each other. The Steering Committee communities will include:

Des Moines

1. Mayor Frank Cownie, City of Des Moines
2. Sue Huppert, Des Moines Water Works Board

Urbandale

1. Mayor Bob Andeweg, City of Urbandale
2. John McCune, Urbandale Water Utility Board

West Des Moines

1. Mayor Steve Gaer, City of West Des Moines
2. Jody Smith, West Des Moines Water Works Board

Ankeny

1. Mayor Gary Lorenz, City of Ankeny

2. Mayor Lorenz's designee  
Johnston
  1. Mayor Paula Direnfield, City of Johnston
  2. Mayor Direnfield's designee
- Waukee
  1. Mayor Bill Peard, City of Waukee
  2. Tim Moerman, City of Waukee

Mayor Lorenz suggested Mayor Gaer as Chair of the Steering Committee, and the group was in consensus.

The Steering Committee and Technical/Financial Committee meetings will be remain open for to public and all communities encouraged to attend. It was suggested the Steering Committee begins meeting at Greater Des Moines Partnership for more conducive meeting logistics.

Mayor Lorenz noted an Executive Committee will also be formed, including:

1. Mayor Bob Andeweg, City of Urbandale
2. Mayor Frank Cownie, City of Des Moines
3. Mayor Steve Gaer, City of West Des Moines
4. Mayor Gary Lorenz, City of Ankeny
5. Sue Huppert, Des Moines Water Works Board
6. John McCune, Urbandale Water Utility Board
7. Jody Smith, West Des Moines Water Works Board

The Technical/Financial Committee would be utility staff – operational and financial experts. Ms. Huppert suggested the Committee include the following and the group was in consensus:

1. Des Moines Water Works – Ted Corrigan, Tri-chair for purpose of convening group
2. Urbandale Water Works – Dale Acheson, Tri-chair for purpose of convening group
3. West Des Moines Water Works – Diana Wilson, Tri-chair for purpose of convening group
4. Vern Willey, City of Altoona
5. Each entity utilizing water from DMWW (not already included in above listing of four), would have opportunity to designate Committee members – operational and financial individuals.

The tri-chairs of the Technical/Financial Committee will convene the first meeting on Thursday, April 26, at 2:00 pm, and will report next steps, schedule, etc.

Phase 1 and Phase 2 contract costs are being shared, equally, by the three water utility boards. The additional costs associated having FCS Group facilitating up to four additional meetings for the Technical/Financial Committee would be shared among communities (yet to be determined) with a maximum estimated cost of \$60,000. All costs for FCS Group are intended to be start-up costs, if a regional water production utility is created and, in that case, costs incurred by the noted entities would be reimbursed.

2. Recap of Phase 1 – Mr. Mumm provided an overview of where the group left off in Phase 1.

Consensus or Unanimous Agreement	Work in Progress	Tabled for Phase 2
Obligation to Serve	Authority of Board	Rate Setting Framework
Right to Serve	Structure of Board	Proof of Cost Efficiency
Capitalization	Asset Inclusion	Better Cost Control
Accounting Framework		
Operational Authority		
Planning Authority		
Existing Staff Concerns		
Measuring Demands		
Operating Agreements		

Phase 1 described key attributes of proposed Authority:

- Separate Board with Regional Representation
- Sole Provider of Water Production for Members
- Required to Provide Service for Members
- Separate Accounting, Financing, Rate Setting
- Owns and Operates (via contract operating agreement) Water Production for Region
- Plans for and Constructs any New Water Production

3. Preview of Phase 2 – Mr. Mumm discussed the need for regionalization:

- Economics – what are the costs and benefits?
- Service Level – can we provide the same services at the same quality?
- Governance – how will parties participate, and what will govern behaviors?

Phase 2 needs to address the business case:

- Can the regionalization save money for everyone?
- Is the money saved worth the change in local control?

Ms. Huppert noted the Executive Committee recently discussed expectations of short term vs. long term savings. It was thought communities should review the long-term (40 years) for benefits.

Four key questions that will be answered in Phase 2:

1. What are the water production costs for each community assuming there is no regional Authority and operations continue as they are today?
2. What are the costs the regional Authority would most likely charge as a wholesale rate to individual communities all things considered?
3. What are the likely costs for each community assuming water production services are provided by the Authority?
4. For each community, how do the expected future costs compare with and without the regional Authority?

4. Information Requests – Mr. Mumm noted information requests to 14 communities (water producers, potential water producers, wholesale customers) have been sent in order to answer the key questions in Phase 2. Information that is being sought includes forecast demand (quantity); forecast total costs, and items that help define quantity and costs for today and in the future. Examples of information request includes historical production expense, existing debt service on production assets, future capital improvements for water production, plans for constructing new or expanding existing water production, and verify/validate demand and growth projection from the Long Range Plan. The deadline for submitting information to FCS Group is May 4.
5. Meeting Calendar – Mr. Mumm provided a review of key dates:
  - May 4** – (no meeting) Information requests due to FCS Group.
  - June 27** – Steering Committee with Facilitator. FCS Group plans to present status quo forecasts and preliminary regional cost-sharing framework.
  - July 30** – Steering Committee with Facilitator. FCS Group plans to present regional cost estimates and cost-sharing framework and preliminary forecasts of costs under regional case.
  - August 27** – Steering Committee with Facilitator. FCS Group plans to present comparison of status quo and regional cases.

It was noted that today's presentation slides and will be forwarded to the workgroup by e-mail and available on Des Moines Water Works' website. A revised meeting calendar will be distributed.

6. Adjourn- Meeting ended at 4:19 p.m.