

**CENTRAL IOWA REGIONAL WATER
EXECUTIVE COMMITTEE/DMWW BOARD
JOINT MEETING**

Tuesday, November 27, 2018

4:00 p.m.

Des Moines Water Works

2201 George Flagg Parkway, Des Moines, IA 50321

Present:

City of Ankeny – Mayor Gary Lorenz; City Manager David Jones
City of Des Moines – Mayor Frank Cownie
City of Urbandale – Mayor Bob Andeweg; A.J. Johnson, City Manager
Des Moines Water Works – Sue Huppert, Board Chair; Dave Carlson, Graham Gillette, Diane Munns and Marc Wallace, Board Members; Bill Stowe, staff
Urbandale Water Works – John McCune, Board Chair; Dale Acheson, staff
West Des Moines Water Works – Jody Smith, Board Member

Also in attendance:

City of Altoona – City Councilmember Vern Willey
City of Clive – City Manager Matt McQuillan
City of Johnston – City Manager Jim Sanders
City of Pleasant Hill – Len Murray
City of Waukee – City Administrator Tim Moerman
Warren Rural Water – Stan Ripperger, staff
Xenia Rural Water – Gary Benjamin, staff

Members of the public were also in attendance.

At 4:01 p.m., Ms. Huppert and Mayor Gaer called the meeting to order.

1. Public Comment – No public comments received.
2. Summary of Recent DMWW Action in Support of Regionalization – Ms. Huppert shared the Board of Water Works Trustees statement in support of regionalization that was adopted at their October Board meeting:

The Board of Water Works Trustees of the City of Des Moines supports the continued pursuit of regional governance of water production in Central Iowa. While Des Moines Water Works currently acts as the primary regional producer of water, we believe current and future challenges for producing water could be better met through expanded representation and involvement in decision-making, rate-setting, and capital planning, and by more equitably sharing costs and spreading the assumption of risk among the people and governments of the region. While an acceptable model for expanded regional governance of and participation in water production in Central Iowa has yet to be developed, the Board of Water Works

Trustees remains committed to working with all parties interested in exploring ways to increase participation and representation in the governance of water production.

3. Open Discussion – Mayor Gaer stated his concerns with timing, ownership of assets, and concession on rates.

Mayor Lorenz reiterated the concern for concession on equitable costs for the region and stated the communities need further indication on where DMWW and others will “meet” for equitable benefits for the region.

Mr. Graham Gillette shared his thoughts on the high hurdle of transfer of assets. While we need to continue exploration of transfer of asset, he presented a framework for communities to have opportunity for water rate setting, water infrastructure upgrades and economic development assurance quicker than transfer of asset model. The first step is to form an agreement – provide cities active participation in the governance of regional water protection. The agreement would create a regional water authority with members appointed by all parties to the agreement. The Authority would review and approve all matters of wholesale water production, including approving water production expenses and revenues. DMWW must gain approval from Authority for regional water rates, expenditures, and related budgetary matters. DMWW would be required to inform and include the Authority in setting the vision for water production, planning for growth, and maintaining regional water production assets. DMWW would need the approval of the Authority on all matters of regional water production. A mechanisms for resolving an impasse, should the Authority reject any DMWW plan or proposal, will also need to be contemplated. The agreement does not end exploration of asset transfer or other models for regional cooperation and governance. The agreement does provide an immediate path to governance and oversight. The proposed agreement seeks a fair path to regional governance of water production without transferring assets day one, changing state law, or altering the structure of any current government entity.

Mayor Cownie noted that Mr. Gillette’s idea is a path to get everyone at the table quicker in order to ensure quantity, quality rates, and redundancy.

Ms. Diane Munns noted that Mr. Gillette’s framework works off regional planning for current facilities and future facilities that may be needed.

Mr. Bill Stowe stated West Des Moines Water Works building a new treatment plant with Waukee and Van Meter is in direct opposition to Des Moines Water Works’ interests and current water treatment facility nearby (McMullen) and in opposition of regional management. Mr. Stowe said that for the second time, the Board of Trustees is looking at monetizing assets (first being the Black & Veatch report) and expanding Board representation. He stated that the question of equitable benefits for communities is a negotiation issue.

Mayor Gear reiterated that we need assurance on water quantity, quality and rate now.

Mr. Gillette stated that is more than just about the price of water, but water resource management as a region.

Mr. Stowe suggested that next steps should include professional facilitation.

Mr. Marc Wallace requested a similar statement of support from other communities, and stated that we do need to work regionally, not just because of water price.

Mayor Andeweg noted there are a lot details that would still need be addressed before Mr. Gillette's idea of a new Authority would be agreed upon.

Mr. Dale Acheson stated issues on the legality of Mr. Gillette's proposed Authority framework on setting rates and issuing water bonds on behalf of Des Moines Water Works facilities.

Mayor Lorenz questioned the completely different direction of Mr. Gillette's proposed Authority model from the 18-months of work provided by the facilitator.

Mr. Gillette said it is not a different direction, but a stepping stone or interim step to pursue further options and give communities more of what they want quicker.

Mr. Rick Malm stated an interim step may be better while a plan about bond defeasement is completed. Mr. Malm also noted comparing water rates from consultant's report is not appropriate. DMWW's costs are known. They hypothetical WDMWW/Waukee treatment plant is not known.

Mr. Tim Moerman stated that if we don't continue transfer of asset discussions, we will continue to kick the can down the road. We need suggestions or options on where the "sweet spot" communities can meet in the middle for equitable benefit.

Mayor Andeweg suggested to DMWW to "add more meat on the bones" to Mr. Gillette's proposed Authority structure. Communities need to be convinced this is a better option.

Ms. Huppert stated the next step will include a professional facilitator with a smaller group of communities. DMWW will work on options/framework and will present to Exec Committee for discussion and then to all regional communities.

Mr. Jody Smith thanked Board of Trustees for understanding the issue of equitable benefits for the region. We've all been through the WRA process, and we can get through this. West Des Moines is willing to listen, but don't want to be in a predicament where construction plans for new treatment plant are put on hold and then prices increase while waiting for regionalization.

4. Adjournment – Meeting ended at 5:25 p.m.