

CENTRAL IOWA REGIONAL WATER MEETING

Friday, December 15, 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 – Mayor Paula Dierenfeld

City of Urbandale – Mayor Bob Andeweg

City of Waukee –

City of West Des Moines – City Manager Tom Hadden

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 – Jody Smith, Board Member; Diana Wilson, staff

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

1. Welcome – At 7:30 a.m., the meeting began and Mayor Andeweg welcomed everyone.
2. Updates from Workshops – Mr. Mumm provided a progress report and recap from recent workshop sessions. At Workshop #7, the group reviewed three potential models for creating a regional entity 1) Transfer of Existing and Future Capacity/“All-In” approach; 2) Future Capacity Only; 3) Expanded DMWW Board. There was general agreement of the group (93%) for the “All-In” approach; however, refinements need to be addressed. The “All-In” approach includes:
 - 1) *Asset Inclusion* All regional production assets are included
Refinements requested on asset inclusion
 - 2) *Governance and Representation* Three alternatives considered
Discussion to be continued
 - 3) *Measuring and Paying for Reserve Capacity* Verifiable max-day demand compared to verifiable owned and purchased capacity at uniform value \$/MGD
 - 4) *Handling of Operations* Initial operating agreements with existing producers
Generally agreed – term of agreement to be defined
 - 5) *Implementation and Rates* All aspects implemented immediately, except for payment to members for reserve capacity (later)
Need to confirm agreement

At Workshop #8, the group pursued consensus on questions from the previous workshop, with key areas of focus:

- Board Composition/Governance
 - Asset Inclusion
 - Measuring and Paying for Reserve Capacity
 - Operating Contracts
- Memorandum of Understanding (MOU) and Next Steps

The group reviewed examples of board composition/governance, including WRA, DART, and fixed size. There was general consensus around the DART model, where every member would have a seat; some issues would require weighted voting; board would decide whether or not committees are needed; representatives need not be elected officials. There were unresolved issues, including: legal questions about how seats would be appointed; can water boards appoint representatives? The group reviewed a phase-in timeline for asset inclusion. The “All-In” model stipulates that all water production assets will be included in the Authority. Some assets would be included later in implementation. There was general consensus that a phase-in timeline will work, but more financial data is needed to determine timeline. The group reviewed consensus on how to measure reserve capacity and clarification on actual capacity definition and calculation of max-day using a weighted average. The group reviewed consensus that operating contracts would be awarded initially to existing operators; initial term should be included in the 28F; and length of the initial contract is dependent on the asset inclusion timeframe.

Mr. Mumm provided the work group’s progress overall. At the beginning of the process, the group identified 15 key topics. The results thus far:

- 8 reached consensus or unanimous agreement
- 3 work in progress and close to consensus
- 4 not addressed
- +1 key issue identified and addressed after starting

Mr. Mumm provided progress on the 1st Order Issues. These are the issues that needed to be addressed before we could form a regional entity at all, and are critical to establishing the regional framework.

<i>Service – Obligation to Serve</i>	<i>OK</i>
<i>Service – Right to Serve</i>	<i>OK</i>
<i>Governance – Authority of the Board</i>	<i>Work in Progress</i>
<i>Governance – Structure of the Board</i>	<i>Work in Progress</i>
<i>Economics – Capitalization of Regional Entity</i>	<i>OK</i>
<i>Economics – Accounting for Regional Costs</i>	<i>OK</i>
<i>New – Inclusion of Existing of Assets</i>	<i>Work in Progress</i>

Mr. Mumm provided progress on the 2nd Order Issues. These are the issues that were best addressed depending on the way the 1st order issues were resolved.

<i>Service – Operational Authority</i>	<i>OK</i>
<i>Service – Planning Authority</i>	<i>OK</i>
<i>Service – Preservation of Existing Staff</i>	<i>OK</i>
<i>Service – Measuring Demands</i>	<i>OK</i>

Economics – Rate Setting Framework of Regional Entity N/A

Mr. Mumm provided progress on the 3rd Order Issues. These are the issues that were best addressed depending on the way the 1st and 2nd order issues were resolved.

<i>Service – Operating Agreements</i>	<i>OK</i>
<i>Service – Organizational Chart</i>	<i>N/A</i>
<i>Economics – Proof of Cost Efficiency</i>	<i>N/A</i>
<i>Economics – Demonstrate Improved Cost Control</i>	<i>N/A</i>

Mr. Mumm discussed the next steps needed to reach a decision and signatures to the proposed 28F. Mr. Mumm is working with legal counsel in preparing a Memorandum of Understanding (MOU). The MOU will:

- Outline the overall vision and structure for regional formation
- Include specific elements of the structure discussed in our workshops
- Model the key terms for the 28F Agreement

The intent for the MOU:

- Provide an approachable, less-formal document for open, candid comments
- For circulation to boards and councils, others
- Expect to iterate on comments and revisions
- Identify the key sticking points and come back together to resolve them

Mr. Mumm stated he expects a draft MOU would be distributed next week.

3. Proposed Next Steps – Ms. Huppert and Mr. McCune discussed the three water board chairs proposed next steps. This group is planning for the next 100 years of our region’s water needs. Ms. Huppert thanked the leadership that has come together in the regional water discussion. All along our goals has been to ensure our region has clean and affordable drinking water for our citizens, our growth and economic development. In addition, flood and emergency planning could be taken on by the new regional board. At the beginning of this process, transfer of assets was not discussed; however, the larger group had consensus that transfer of asset discussion needed to be included in order to do regionalization right the first time. Ms. Huppert stated this this group can best determine what is right for our region and our citizens- not the legislature. The group has looked at all options, and at this point, the group would like to further consider an asset transfer model. The three water board chairs commit to coming back to consider other options should this not come to fruition. Mr. McCune recommended the continued commitment from the working group and to continue the discussion by engaging FCS, legal services, and local leaders for facilitation. Currently, costs are have been absorbed by the three water boards. Mr. McCune inquired if communities would be willing to contribute for costs going forward as “start-up” costs that could be included in the MOU/28F. Ms. Huppert stated her goal is a completion of work by mid-year 2018. Mayor Lorenz requested a detailed schedule of path forward with milestones. Mayor Dierenfeld requested details on costs if costs are going to be shared. Ms. Huppert stated FCS and legal counsel will provide a work plan with milestones, budget for next steps.
4. Discussion – No further discussion from the work group.

5. Public Comments – Mr. Andy Fish from Warren Water District asked for clarification on board composition, specifically Des Moines Water Works' total service customers, and what options are available for current Des Moines Water Works wholesale customers if not signing with the new regional authority? Mr. Stowe noted that current contract holders will have the option to continue DMWW contract or join the regional authority. Total service customers have different contract with DMWW specifically.

Ms. Huppert noted after the first of the year, a proposed timeline and calendar of meetings will be sent to the group.

Meeting adjourned at 8:15 a.m.