

## Central Iowa Water Works – Regional Drinking Water Frequently Asked Questions and Benefits to Des Moines Ratepayers

Central Iowa's three board-governed utilities have distributed a final draft of the working agreement to establish Central Iowa Water Works (CIWW), a regional drinking water system.

Des Moines Water Works (DMWW), the Urbandale Water Utility (UWU) and West Des Moines Water Works (WDMWW) have shared the third draft of the 28E/F agreement to the 13 potential founding members, which includes community water departments, independent water works and rural water utilities.

### **What is Central Iowa Water Works?**

Central Iowa Water Works or CIWW, also generally referred to as "regionalization" is an intergovernmental entity (legally called a 28E/28F after the chapter of Iowa Code that allows this type of entity). CIWW will be governed by a board representative of its member agencies. Its sole function will be to supply and sell water to its members to form a regional drinking water system.

### **What about Des Moines Water Works and its Board of Trustees?**

CIWW will not replace or eliminate the water boards or water departments within each community. Des Moines Water Works will continue to exist, and its Board of Trustees will continue to have local oversight of DMWW's distribution system. Each CIWW member will supply water it purchases from CIWW to its individual customers, set its own water rates, operate and maintain its local distribution system (water mains and water towers), and provide all of its own customer service.

### **Why form a new entity?**

The formation of CIWW will help ensure the best management of our precious water resources today and in the future, as central Iowa continues to grow. A metro-wide system connects all facilities to serve everyone and creates resiliency to safeguard against natural disasters. It provides resiliency in times of drought or water quality challenges and helps jointly plan and prepare for unknown threats to water in the years ahead. It will ensure costs for water are equitably distributed to all water customers across the metro, and it will provide the strongest, most reliable water system for everyone in the growing Des Moines metropolitan area. Creation of CIWW will also allow the region to collaboratively plan and construct water facilities to meet future growth and prevent competitive water systems and unnecessary spending.

### **Who is involved?**

These communities are potential member agencies: Ankeny, Clive, Des Moines Water Works (including all of DMWW's retail and total service customers in Alleman, Berwick Water District, Cumming, Pleasant Hill, unincorporated Polk County, Runnells, Windsor Heights, and other small neighborhoods and developments directly served by DMWW), Grimes, Johnston, Norwalk, Polk City, Urbandale Water Utility, Warren Water District, Waukee, West Des Moines Water Works and Xenia Rural Water District. Each entity will consider whether to join CIWW. These decisions are expected to be made by year end.

### **What will happen to utilities' individual treatment plants?**

All participating utilities' treatment plants will become part of and benefit the regional system. A metro-wide system will provide redundancy in case of natural disaster and resiliency in times of drought or water quality challenges. While the regional system will create redundancies, the source from where customers currently receive their water today will not change. For example, Des Moines customers will continue receiving water produced by one of Des Moines' three water treatment plants.

### **How will costs be distributed?**

CIWW will distribute costs equitably among its members. Members will collaborate on decisions to expand or construct new treatment plants. Members will also pay for construction and expansion based on each community's share of growth and need for more water.

### **Will DMWW still be a strong champion for clean water?**

Yes, you can also count on Des Moines Water Works to continue to be a strong advocate for water quality and source water protection, both locally and at the federal level. DMWW will continue to be advocates and stewards in leading the public dialogue for clean water and water quality issues and reform. Our hope is that through CIWW, other central Iowa utilities and water boards will be our partners in water quality and clean water efforts.

### **How long has this been discussed?**

Communities in central Iowa have a long history of working together on the management of water resources. DMWW has proactively worked with its suburban partners since its first regional agreement with Urbandale in 1934 when the community contracted with DMWW to supply its water.

After the 1993 flood, suburban partners contributed \$100 million to build additional water treatment plants and facilities that are operated by DMWW. Today, these suburban partners use more than 50 percent of the water produced by the regional system.

Regionalization discussions have taken place in open meetings since 2017 and have included DMWW, West Des Moines Water Works (WDMWW) and the Urbandale Water Utility, with some input from other regional partners. A national financial consultant that specializes in utility management was retained by DMWW, WDMWW and Urbandale Water Utility to assist in understanding the financial implications of regionalization. During 2018 and 2019, numerous public meetings took place among representatives from various metro communities.

In 2020 and 2021, those meetings shifted to the three board-managed utilities (DMWW, WDMWW and Urbandale Water Utility) to determine how a regional water production utility could operate. The Board of Trustees has publicly discussed regionalization at meetings and planning sessions for more than three years.

### **Why should DMWW join CIWW?**

- 1. Regional collaboration provides the best management of water resources, now and into the future.** CIWW facilitates cooperation among the individual partner utilities and communities. This shared ownership concept creates quality, cooperative service that ensures all customers' safe drinking water needs are met throughout the region.
- 2. CIWW creates the fairest and most equitable sharing of costs for the region.** Members will collaborate on decisions to expand or build treatment plants and secure water resources and will plan regionally for treatment and production to avoid costly, unneeded duplication of infrastructure.
- 3. Joining together establishes a resilient system that assures water access and supply.** A metro-wide system connects all facilities to serve everyone and creates resiliency to safeguard against natural disasters. It provides resiliency in times of drought or water quality challenges and helps prepare for unforeseen threats to water in the years ahead.

4. **CIWW establishes shared risk to all metro partners for the central Iowa water system.** Des Moines residents account for 40 percent of water sales, yet they own and manage most of the risk of the water system. A regional system would be managed by all members, thus distributing risk to all.
5. **Local control remains under the CIWW model.** Each founding member will have a seat on the CIWW governing board; DMWW will have two seats based on population. Each member retains ownership of its own customer service and distribution system and will continue to serve its own customers under the proposed regional model. While CIWW will set the rate for producing the water based on cost of service, each utility, including DMWW, will set the water rates paid by its own customers.
6. **Shared financial risk ensures elimination of possible subsidization.** DMWW won't bear the sole burden of lower revenues during times of low water sales (during wet years). This ensures DMWW can pay for its fixed costs (i.e. maintenance, labor, insurance and permits), which account for about 75% of total costs. When water sales were down in 2015, the utility had to pay for unrecovered fixed costs from its reserves. A regional approach also helps during times of unexpected costs such as COVID, when Des Moines Water Works had to pay for the costs associated with housing staff at the treatment plant and other unforeseen expenses.
7. **DMWW receives a return on its long-time investments.** Partner entities will contribute up to \$50 million for the investment DMWW has made in the water production infrastructure of the central Iowa water system. This money will be reinvested back into the portion of the system that serves Des Moines customers.
8. **CIWW will be a unified, engaged voice in maintaining and improving source water quality.** CIWW member agencies can advocate more strongly together for restoring and protecting our rivers, lakes and streams.