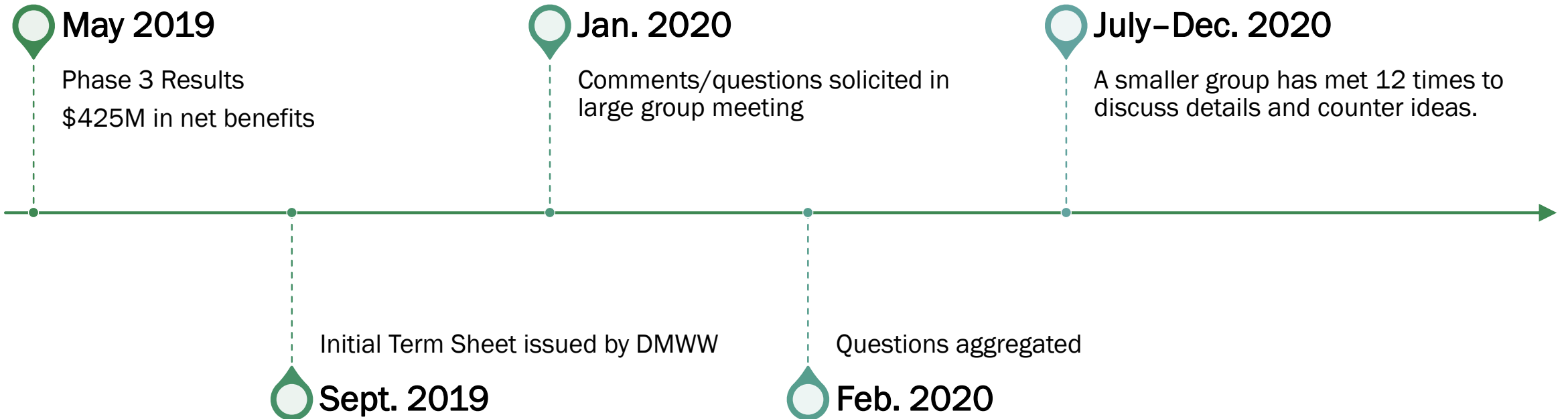


CENTRAL IOWA REGIONAL WATER DISCUSSION - UPDATE

DECEMBER 16, 2020

WHERE WE'VE BEEN



REGIONALIZATION MICRO GROUP



All communities' perspectives are important and have brought much value to the discussion



Communities shared their comments, questions, concerns in early 2020 in response to DMWW's Term Sheet



A suggestion was offered to form a smaller group to study that feedback and make progress on major issues



Utilities with independent boards (DMWW, WDMWW, and Urbandale Water Utility) formed a “micro group” to continue making progress on regionalization, with the objective of sharing that work with all communities and getting input by December 1. Goal = input and discussion from all interested communities



micro group

noun

: a representative group with diverse interests organized to study a particular subject and provide information and ideas

**FOCUS OF
DISCUSSIONS**

Counterproposals

Asset Transfer

FOCUS OF DISCUSSIONS – COUNTERPROPOSALS

- Governance
- 3rd party fiduciary
- Initial capital contribution
- Growth related costs (i.e., growth pays for growth vs. benefit pays for benefit)

FOCUS OF DISCUSSIONS – ASSET TRANSFER

- Considering length of management contracts
- Reconciling depreciation differences to achieve equitable Net Book Values
- Studying allocation of production-related costs
- Understanding debt and financing challenges

STATUS



Hundreds of hours of staff time across the three utilities have contributed to meaningful progress on some of the bigger challenges identified by the larger group

- ✓ Governance
- ✓ Operating contracts
- ✓ Debt considerations
- ✓ Depreciation methods and net book values
- ✓ Costs of production



Analyses for several issues are still being evaluated

- Growth related costs
- Costs of production
- Depreciation methods and net book values
- Peak demand thresholds and cost-related impacts

NEXT STEPS



Are there other significant issues not already identified that we should be considering or talking about?



Work through remaining issues



Propose and test different solutions for addressing key issues. Quantify the financial impacts to each community and measure against Phase 3 results



Present framework back to larger group early Q2 2021



QUESTIONS & DISCUSSION