

# Guiding Principles of Regionalization of Water Production

*The following principles shall be used to develop a 28E Agreement for a regional water production utility with representation for participating communities.*

## Creation of Governance Board

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Governance of Regional Water Production would be through the creation of a Board with representation from metro communities. Composition of Board, voting requirements, etc. yet to be determined.

Regional Water Production Governance Board would have authority to prioritize expansion of existing production facilities and to construct new production facilities along with production rate setting (purchased capacity and wholesale).

### Clarifying Points:

- No dissolution of existing Boards would occur. The three (3) existing Boards of Trustees (DMWW, WDMWW and Urbandale) would remain the governing authorities over their independent water utilities.
- Unless otherwise agreed, each utility, whether a City Department or Board governed entity, would maintain, operate, expand and manage their independent distribution systems and continue to set retail water rates for their community.
- Retail rates will be set by individual utilities. Wholesale, purchased capacity and any additional future production rate categories will be developed and set by the Regional Board.

## Ownership of Assets

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No transfer or payment for existing production and core network assets would occur. Des Moines Water Works would continue to be the title owner of Fleur, McMullen and Saylorville Water Treatment Plants along with core network transmission facilities.

Existing production facilities that do not distribute water outside of a city's corporate boundary are not included in the Regional Water Production Utility nor governed by its Board.

New production and transmission facilities would be paid for by and be an asset of the Regional Water Production Utility.

Actual consumption or city/utility contribution to purchased capacity and future expansion of existing or construction of new production facilities may be significant factors considered in Governance Board representation.

#### Clarifying Points:

- Existing Purchased Capacity agreements will be honored.
- Future production capacity expansion will be considered by the Regional Board using additional Purchased Capacity as a mechanism to finance project work.
- An operating contract between the Regional Entity and DMWW will be negotiated for future production facilities.

#### Rates

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Purchased Capacity rates would apply to member communities. Additional capacity may be available with capital contributions to expansion of existing and construction of new facilities.

For communities that did not contribute to past or future purchased capacity, a separate rate would apply.

#### Exclusivity

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In return for governance and rate setting without payment for existing Des Moines Water Works title assets, cities/utilities agree that all future water production is planned, designed, constructed and financed through the Regional Water Production Utility and that the approved Long Range Plan (LRP) should influence future regional production and core network investments.

#### Clarifying Points:

- Should individual communities not be reasonably served there would be provisions for each utility to leave the regional production utility and/or develop independent production.