CENTRAL IOWA REGIONAL WATER WORKSHOP

Thursday, October 26, 2017 4:00 p.m. Des Moines Water Works 2201 George Flagg Parkway, Des Moines, IA 50321

Present:

City of Altoona – City Councilmember Vern Willey

City of Ankeny – Mayor Gary Lorenz

City of Des Moines – Mayor Frank Cownie; City Manager Scott Sanders

City of Johnston - Mayor Paula Dierenfeld

City of Urbandale - Mayor Bob Andeweg; City Manager AJ Johnson

City of Waukee -

City of West Des Moines – Mayor Steve Gaer

Des Moines Water Works – Sue Huppert, Board Chair; Marc Wallace, Board Member; Ted

Corrigan, Peggy Freese and Amy Kahler, staff

Urbandale Water Works - John McCune, Board Chair; Dale Acheson, staff

Warren Water District – Andy Fish, Stan Ripperger, staff

West Des Moines Water Works - Karen Novak, Board Chair; Diana Wilson, staff

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

- 1. Welcome At 4:05 p.m., the meeting began.
- 2. The Work Group adjusted the proposed agenda and began a discussion on regional control of assets. Mayor Andeweg suggested that this process would be easier if McMullen and Saylorville Water Treatment Plants were assets of the new regional water authority. Mayor Lorenz suggested additional regional representation to the existing Des Moines Water Works board. Several alternatives were discussed, including: 1) Expand existing Des Moines Water Works Board with regional representation; 2) Contributed asset ownership transfer; and 3) Transfer all water production assets. Mayor Gaer reiterated his goals of the new regional utility was ownership, control and decision making. Metro members are willing make larger investment up front because better for region long term. The process needs to address risk of privatization of utility; find fair market value of assets; value of purchase capacity agreements.

Please see Workshop 3 workflow notes attached for more detail.

Mr. Mumm will set-up comparison of scenarios.

Meeting ended at 5:50 p.m.

Capital priorities long-term

Actions

Minutes for board approval / modification

Workshop #3 Oct. 26, 2017

Agenda

TOPIC: OPERATIONAL AUTHORITY

Contracts

Can the regional entity really select a contractor for the operations?

Owner model stronger

Budgets

Would the regional board have substantive authority of the operating budget?

Owner model stronger

Self-performance

Should region have authority to hire its own workforce?

Existing labor agreements need to be respected

Authority needs to be there

Rate setting

Wholesale rates

What role does regional entity play in telling members what their cost will be?

Can regional authority add additional costs to DMWW regional wholesale rate?

What happens when regional entity also owns assets?

Debt issuance: hard to procure debt without control over budgeting and contracts.

TOPIC: PLANNING AUTHORITY

Long-range regional planning

What happens to current plans?

What should happen as future planning impacts existing assets?

Capital priorities long range

Neutral between alternatives

Capital Improvement Plans

Need to clarify that expansion costs become regional, normal maintenance remains with DMWW

Project Specifications

Contracting

Self-Performance

Fleur complicates the questions

DMWW responsible for maintenance

Region responsible for expansion

How determine maintenance once region owns part of it?

Ideas

What additional responsibilities does the regional entity incur if granted these authorities?

Permits?

Is it legally feasible for the DMWW to delegate its authority?

Alternative: Expand DMWW board to include regional board members

Number of board members, majority?

Need business case that plan is more economical approach to future expansion

Alternative: Contributed Asset ownership transfer

Outside current guiding principals

McMullen and Saylorville become regional

Not enough capacity for wholesale, need portion of Fleur capacity as well

Fleur becomes wholly Des Moines over time?

Practical issues:

Valuation of assets

How do you value purchased capacity?

Need to consider price for all plants

Operational questions

All facilities are operated from Fleur remotely

Plants run as one whole system, not individually, with regards to water production Only truly regional if all assets are owned by same entity

Purchased capacity

What assets, outside of plants, are included

Overwhelmingly the two plants Core network contributions

Alternative: All water production assets

includes Fleur

Alternative: Regional board's primary responsibility is management of resources

Not strong enough regionally

Hold harmless

Metro members are willing to make larger investment up front because better for region long

rur

Need to address risk of privatization of utility

Find fair market value

Low enough to be worth it for members.

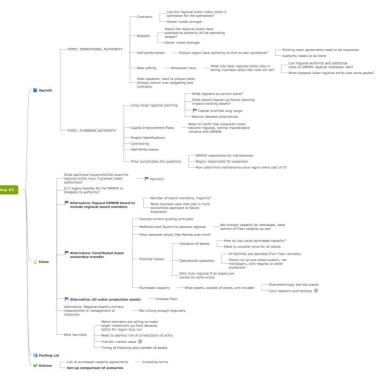
High enough make Des Moines whole.

Timing of financing and transfer of assets



Actions

List of purchased capacity agreements Including terms Set-up comparison of scenarios



Central Iowa Regional Working Group Workshops