

# 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 run

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

 **Parking Lot**

 **Actions**

List of purchased capacity agreements

Including terms

Set-up comparison of scenarios

Central Iowa Regional Working Group Workshops

Workshop #3

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
      - McHullen and Saylorsville 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
    - Purchased capacity
      - Only truly regional if all assets are owned by same entity
        - 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 run
    - Need to address risk of privatization of utility
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    - Timing of financing and transfer of assets

Parking Lot

Actions

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