

# CENTRAL IOWA REGIONAL WATER WORKSHOP

Monday, July 30 2018

3:00 p.m.

Greater Des Moines Partnership

700 Locust St., Ste. 100, Des Moines, Iowa 50309

Present:

City of Altoona – City Councilmember Vern Willey; Jim Utter, staff

City of Ankeny – Mayor Gary Lorenz (via phone); City Manager David Jones

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

City of Clive – City Manager Matt McQuillan

City of Grimes – Jake Anderson, staff

City of Johnston – Mayor Paula Dierenfeld, City Manager Jim Sanders

City of Norwalk – Wayne Schwartz, staff

City of Urbandale – Mayor Bob Andeweg

City of West Des Moines – Mayor Steve Gaer

City of Waukee – City Administrator Tim Moerman

Des Moines Water Works – Sue Huppert, Board Chair; Diane Munns, Board Member; Peggy Freese, Laura Sarcone, and Bill Stowe, staff

Urbandale Water Works – John McCune, Board Chair

Warren Rural Water – Andy Fish, staff

West Des Moines Water Works – Jody Smith, Board Member; Diana Wilson, staff

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

At 3:00 p.m., the meeting began.

Mayor Gaer welcomed the Steering Committee.

1. Review of Phase 2 Objectives – Mr. Mumm reviewed Phase 2 objectives that will answer two questions:

- Question 1 – what are the costs of producing with the current and approaches?
- Question 2 – what is the expected cost of producing assuming the presence of a regional Authority?

Last meeting, the status quo forecasts were presented, where it was discussed how much each community would expect to pay for produced water based on today's production functions. At today's meeting, future costs sharing plan will be presented, where it will be discussed how future costs will be shared if the Authority assumes responsibly for rate setting and regional water production.

2. Definition of Regional Cost Sharing Framework – Mr. Mumm stated the regional Authority incurs the operating and capital costs of producing water and passes those costs on to the Members by way of a framework that defines the cost allocation process. The framework will establish a series of rules that clearly define the quantification of costs to be recovered through rates, and the method of allocating costs to individual Members.

3. Quantification of Regional Costs – Mr. Mumm described formation and ongoing costs for the Authority:
  - Formation costs – These are the costs the Authority is expected to take on as part of its formation-related acquisition of assets and payment for reserves.
    - Existing assets
    - Reserve purchases
    - Residual local debt
    - Start-up costs
  - Ongoing costs:
    - Fixed operating costs – the Authority expects to enter into operating contracts with existing producers for the operations of the production facilities and network
    - Variable operating costs – will be handled as a direct pass-through under the Operating Agreements (i.e. chemicals, energy, etc.)
    - Project (Capital) costs – the Authority will need to raise money ahead of major investment programs.
    - Administrative costs – the Authority is likely to have its own administrative costs related to some level of staff, consulting, engineering, audit and related expenses.
4. Regional Cost Allocation Plan – Mr. Mumm presented that members will be allocated costs proportionate to their usage of the regional water production system; all usage based on measured demands.
5. Next Steps – Mr. Mumm provided details on where the process goes from here:
  - At next meeting, Authority forecasts will be presented. How much can each community expect to pay for produced water assuming the Authority is responsible for all delivery?

The next Steering Committee meeting is scheduled for:

- Monday, August 27, 3:00 pm, at Greater Des Moines Partnership

6. Adjourn – Meeting ended at 4:55 p.m.