



**CIRDWC Work Session
January 13, 2014
DMWW Board Room
2:00 – 3:30 p.m.**

Chair John McCune called the worksession to order at 2:10 p.m. Attendees were:

City of Altoona – Vern Willey (EX-O)
City of Ankeny – Jolee Belzung (EX-O), David Jones, Kerry Walter-Ashby
City of Clive – Scott Cirksena (Alt-Rep), Dennis Henderson, Susan Judkins (Rep), Bart Weller
City of Johnston – Shane Kinsey (EX-O), Jim Sanders (Alt-Rep)
City of Polk City – Mike Schulte (EX-O)
City of Waukee – John Gibson (EX-O)
City of Windsor Heights – Louise Moon (Rep)
Des Moines Water Works – David Carlson (Alt-Rep), Graham Gillette (Rep), Bill Stowe (EX-O), Amy Kahler, Linda Kinman, Pat Bernard
Polk County – E.J. Giovannetti (Rep)
Urbandale Water Utility – Dale Acheson (Alt EX-O) John McCune (Rep)
Warren Water District – Merrill Heemstra (Rep), Randy Beavers (EX-O)
West Des Moines Water Works – Karen Novak Swalwell (Rep), Diana Wilson (EX-O)

Mr. McCune reviewed the agenda including the following discussion items:

1. Regional Governance Scope Document
2. Allocation of Costs for Governance Feasibility Study
3. Next Steps

Regional Governance Scope Document –

Mr. McCune led a review of the scope document. Discussion included the following points of emphasis:

- There are financial, legal and political considerations of the proposed regional governance concept that would need to be addressed in the study. Production assets would need to be evaluated.
- It has been proposed that production facilities and the core network (including transmission mains) will be included in this study.
- This study would have no ramifications on how business is conducted within a city, including distribution, rate setting, etc.
- A number of communities have indicated they will fully participate. At some point in the future, others may be interested, but there needs to be a method for “late joiners”, which would probably include a premium to participate.
- Des Moines Water Works has full-service contracts under a 28E. Some of those customers include Polk County, Windsor Heights, Pleasant Hill, Alleman,

Cumming, Runnells – some are CIRDWC members and some are not. Some have purchased capacity and some do not. How/will these entities be “folded in”?

- A Request for Qualifications (RFQ) is the proposed method for identifying a third party to conduct the feasibility study. A couple firms (engineering/accounting) have indicated interest in responding.
- The City of Tampa has gone through a similar process.
- If CIRDWC is the contract holder, there is a greater statutory obligation for publishing minutes, agendas, etc, due to the level of expenses that will be incurred by CIRDWC. There needs to be thought given to the impact of increased expenses. DMWW could be contractor, but DMWW staff believes CIRDWC would best fill that role for purposes of independence and objectivity.
- It was suggested that a selection process, including process and participants for evaluation, be defined.

Allocation of Costs for Governance Feasibility Study

- Reference was made to the Allocation of Governance Feasibility Study spreadsheet. The allocation to political subdivision wholesale and total service customers was based on an assumed expense of \$250,000 and based on the number of accounts within a community.
- A suggestion has been received to recognize that some communities have their own treatment facilities that also serve their customers (e.g., West Des Moines, Altoona, Xenia Rural Water District). It has been suggested that basing the allocation on these systems’ entire account base, as opposed to just those customers served by DMWW, seems inequitable.
- Reference was made to the Adjusted Allocation of Governance Feasibility Study spreadsheet. In response to the question of equity, a revised allocation was presented for discussion. Those entities’ allocations could be adjusted downward to reflect their reliance on DMWW by using a calculation considering those entities’ purchased capacity as a percentage of their system’s peak consumption in 2013. This would result in an increased allocation to other participants.
- The allocations are not yet final. Allocations will change if entities decide not to participate.
- Discussion occurred regarding evaluating all entities’ production assets, not just Des Moines Water Works’. DMWW participants suggested that a true regional approach would incorporate all entities’ production assets in the feasibility study. Other entities questioned that their production assets would benefit a regional entity because their systems have been designed and constructed to serve only their communities. West Des Moines Water Works indicated their formal response stated participation in the study was conditional on their production assets not being considered and they would need to reconsider their participation if their assets were evaluated as part of the study.
- It was emphasized that inclusion of their production assets in the study does not commit entities to further decisions or actions. The recommendations of the study would be considered and the decision to participate in a regional structure would be made by each entity later in the process after more details have been offered.

- The purpose of the study is to conceptualize how to create a regional water utility to better serve the region and meet needs over the next 20 years.
- It was clarified CIRDWC would not be the owner of the assets, but rather a separate production entity. Boards would continue to exist independently.
- It is assumed this study will identify benefits of a regional entity, one example being joint purchasing power which would result in cost savings to all customers.
- The City of Johnston is supportive of the feasibility study and cost allocation but expressed concern how this matter has been communicated to members. They would like to receive more feedback and want to know how they will be involved in decisions going forward.
- A formal reply is needed from members affirming their participation.

No action was taken during the meeting.

Next Steps

- The CIRDWC Executive Committee will lead a regional governance discussion with City Managers on January 15 at noon at Des Moines Water Works.
- The City of Ankeny will host the next CIRDWC Meeting which will be 6:00 p.m. January 28 at the Public Services Building, 220 West First St.
- The CIRDWC Executive Meetings are public meetings – all are welcome to attend.

Meeting adjourned around 3:30 p.m.