

Agenda Report

March 3, 2014 City Council Meeting

March 3, 2014

Item No. 10

ISSUE: Approving participation in regional governance feasibility study for water

BACKGROUND:

Amy Kahler attended the previous City Council meeting to present on this issue and answer any questions. As a reminder the Central Iowa Regional Drinking Water Coalition is seeking requests for qualifications from a professional planning agency to assist in determining the feasibility of developing a regional production water utility. CIRDWC is an organization formed via a 28E agreement to provide water planning for the entire Des Moines Metro Area.

The fees for the proposed study are based on the number of water accounts in each community that is a member of CIRDWC. Based on this formula, Windsor Heights costs will not exceed \$3,500. There is no set time frame for the completion of the study; however each firm that submits a proposal will be scored on the time frame they detail for its completion. Each City who chooses to participate in the study is under no obligation to join the proposed regional drinking water utility if it is formed.

RECOMMENDATION:

Staff recommends approval of the resolution authorizing the City to spend an amount not to exceed \$3,500 for Windsor Heights share of the study.

STAFF CONTACTS:

Jeffrey A. Fiegenschuh, City Administrator

RESOLUTION 14-0306

CITY OF WINDSOR HEIGHTS, IOWA

**APPROVAL FOR PARTICIPATION IN A REGIONAL GOVERNANCE FEASIBILITY STUDY
FOR A PRODUCTION-RELATED METRO WATER UTILITY**

WHEREAS, the City of Windsor Heights does not have source water resources or water treatment facilities to serve all [City or Board's] customers; and

WHEREAS, the City of Windsor Heights has entered into a 28E Total Service Agreement with Des Moines Water Works (DMWW) for water service; and

WHEREAS, the City of Windsor Heights is a member of the Central Iowa Regional Drinking Water Commission (CIRDWC), who along with the DMWW, are proposing to procure a study to consider a regional approach for a production-related water utility; and

WHEREAS, such a study would be conducted by an independent consultant who would examine the feasibility of a production-related water utility, identify legal, financial and political aspects to be addressed, and make related recommendations; and

WHEREAS, such study is expected to cost up to \$250,000 in total, with the allocation of costs based on a pro rata calculation of each wholesale participant's number of utility accounts, providing for an estimated cost allocation for participation of up to \$3,500 and payable in the next fiscal budget; and

WHEREAS, it is the best interest for the City of Windsor Heights to participate in the process to research and fund a proportional amount of such a study in an effort to protect its interests in future involvement of regional water resources.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Windsor Heights that approval is given to participate in the proposed Regional Governance Feasibility Study for a production-related regional water utility and that approval is given to reimburse CIRDWC for a proportionate share of the cost of the proposed Regional Governance Feasibility Study in an amount not to exceed \$3,500

Passed and approved this 3rd day of March, 2014.

Diana Willits, Mayor

Jeffrey A. Fiegenschuh, City Administrator/Clerk

Allocation of Governance Feasibility Study
Based on # of Accounts
Political Subdivision Wholesale Customers + Total Service
ORIGINAL

Assumed Study Amount = \$ 250,000

	# Accounts	%	\$
Alleman	153	0.08%	\$ 211
Altoona	6,818	3.75%	\$ 9,385
Ankeny	17,000	9.36%	\$ 23,400
Berwick Water Association	220	0.12%	\$ 303
Bondurant	1,753	0.97%	\$ 2,413
Clive	5,529	3.04%	\$ 7,611
Cumming	139	0.08%	\$ 191
Johnston	6,400	3.52%	\$ 8,809
Norwalk	3,611	1.99%	\$ 4,970
Pleasant Hill	2,913	1.60%	\$ 4,010
Polk City	1,479	0.81%	\$ 2,036
Waukee	5,292	2.91%	\$ 7,284
Windsor Heights	2,011	1.11%	\$ 2,768
Des Moines Water Works	67,366	37.09%	\$ 92,728
Polk County	6,295	3.47%	\$ 8,665
PCRWD #1	467	0.26%	\$ 643
Runnells	199	0.11%	\$ 274
Urbandale Water Utility	15,000	8.26%	\$ 20,647
Warren Water District	6,678	3.68%	\$ 9,192
West Des Moines Water Works	22,800	12.55%	\$ 31,384
Xenia Rural Water District	9,500	5.23%	\$ 13,077
Total	181,623	100.00%	\$ 250,000

NOTE

Included in the above proposed allocation are all “political subdivision” wholesale customers of Des Moines Water Works, plus communities whose customers are directly served by Des Moines Water Works through a Total Service 28E.

Green shading indicates entity has affirmed participation in the study.

Request for Qualifications (RFQ)
Feasibility Study for the Development of a Regional Production Water Utility
Central Iowa Regional Drinking Water Commission
February 2014

Introduction

The Central Iowa Regional Drinking Water Commission (CIRDWC) is seeking the services of a professional planning consulting firm to assist in determining the feasibility of the development of a regional production water utility for Central Iowa.

The Central Iowa Regional Drinking Water Commission (CIRDWC), a body of elected and appointed officials from Central Iowa, formed by 28E agreement to provide water system planning for the entire region. CIRDWC consists of 22 central Iowa communities, most of which purchase their water on a wholesale basis from Des Moines Water Works.

Members of CIRDWC include:

Board of Directors for the Warren Water District
Board of Directors for the Xenia Rural Water District
Board of Supervisors for Polk County, Iowa
Board of Water Works Trustees of the City of Des Moines, Iowa
Board of Water Works Trustees of the City of Indianola, Iowa
Board of Water Works Trustees of the City of Urbandale, Iowa
Board of Water Works Trustees of the City of West Des Moines, Iowa
City of Altoona, Iowa
City of Ankeny, Iowa
City of Bondurant, Iowa
City of Carlisle, Iowa
City of Clive, Iowa
City of Cumming, Iowa
City of Johnston, Iowa
City of Mitchellville, Iowa
City of New Virginia, Iowa
City of Norwalk, Iowa
City of Pleasant Hill, Iowa
City of Polk City, Iowa
City of St. Charles, Iowa
City of Waukee, Iowa
City of Windsor Heights, Iowa

CIRDWC's mission is *“To improve Central Iowa and influence public policy through coordinated planning and cooperation in an effort to promote the wise use of resources with the goal of assisting Members to provide efficient, effective infrastructure and operations to deliver adequate, safe, and affordable drinking water to the region.”*

Des Moines Water Works (DMWW) was established as a municipal utility in 1919. At its inception, water revenue bonds were issued to purchase the utility, and those bonds were repaid through water revenues collected from rate payers. The Water Works is governed by a 5-member Board of Trustees appointed by the Mayor of Des Moines. The Board meets monthly, and under Ch. 388, Code of Iowa, exercises full management authority over the utility.

Des Moines Water Works provides water to over 500,000 people in central Iowa, including retail and commercial customers within the city of Des Moines. DMWW also directly serves customers in the following service areas on a contract basis through a 28E Total Service agreement:

- Unincorporated Polk County
- Windsor Heights
- Pleasant Hill
- Runnells
- Cumming
- Alleman
- Polk County Rural Water District #1
- Berwick Water Association

Additionally, DMWW sells water on a wholesale basis to the communities/districts of:

- Altoona
- Ankeny
- Bondurant
- Clive
- Johnston
- Norwalk
- Polk City
- Urbandale
- Warren Water District
- Waukee
- West Des Moines Water Works
- Xenia Rural Water District

DMWW operates facilities that benefit the entire water system as a whole and all customers of the system, including those communities who buy wholesale from DMWW. Called the “Core Network,” these facilities include treatment plants, storage facilities, ASR wells, transmission mains, etc.

These Core Network facilities were built in the mid-1990s through early 2000s. Around the mid 1990s, wholesale customers, largely growing suburban communities, expressed the need for increasing water resources and expressed interest in choosing DMWW to serve those needs rather than build facilities of their own. Rather than issue bonds to fund the development and construction of additional facilities, Des Moines Water Works sold capacity in this expanding infrastructure. Known as “purchased capacity,” wholesale customers entered into a Purchased Capacity Master Agreement and invested up front in DMWW’s Core Network. Although DMWW maintains ownership of all core assets, in return for their investment, the communities benefit from a reduced wholesale rate, called the Purchased Capacity rate, for the length of the contract (40 years). Purchased capacity was sold in 1996 for \$1.00 per gallon to construct Maffitt Treatment Plant (n.k.a. L.D. McMullen Treatment Plant), transmission mains, and an ASR well. Des Moines Water Works again sold capacity in 2005 to fund the construction of the Saylorville Water Treatment Plant. Capacity was sold in 2005 for \$1.90 per gallon.

All Des Moines Water Works’ wholesale customers, with the exception of Johnston, have purchased capacity in DMWW’s core network.

In earlier years, Des Moines Water Works sold most of its water, both in terms of volume and revenue, to customers within the city of Des Moines. In recent years, however, as suburban communities have grown in population, sales have shifted. About 60% of consumption is sold outside the city of Des Moines, with 40% of consumption sold to Inside city customers. In terms of revenue, however, slightly more than half (54%) of all revenues are generated from Des Moines customers.

Interest in examining the feasibility of a regional water production utility aligns with the following initiatives and considerations:

- 1) The Greater Des Moines Metropolitan area is engaged in a comprehensive planning process to develop a 5-year vision strategy for the entire metro area. Known as Capital Crossroads, this independent planning initiative has recommended that a metro water authority be explored. Additional information on this initiative and visioning process can be found at <http://www.capitalcrossroadsvision.com/>.
- 2) While a regional approach has been taken in regard to developing production facilities, wholesale water rates and production operations continue to be under the oversight of the Des Moines Water Works Board of Water Works Trustees. With the shift in volume of water sold inside/outside the city of Des Moines, there is interest in examining the feasibility of a regional production water utility which would provide stakeholders a stronger voice in production operations. It is proposed that oversight for distribution, customer service, and the rate making process for water rates to the end customer will remain local to each community’s utility or city department.
- 3) A core value of each participating utility is a commitment to customers, realized in part through efficiencies in operations, with related cost savings that can be passed along to each utility’s customers.

Inquiries

General questions regarding this Request for Qualifications (RFQ) should be directed to Amy Kahler in writing at the address noted below, or via e-mail at kahler@dmww.com no later than 4:00 pm on Friday, February 28, 2014. Inquiries and responses will be posted at <http://www.dmww.com/about-us/cirdwc/> by March 14, 2014.

Please note CIRDWC will respond only to technical questions. Under no circumstances will CIRDWC provide interpretive guidance. No oral interpretations shall be made to any respondent as to the meaning of any of the documents. Written approval of CIRDWC is required prior to any public disclosure of the cost proposal submitted in response to this RFQ or any other subsequent awards. It is the responsibility of interested firms to periodically check the CIRDWC website for amendments to this RFQ and responses to inquiries.

Submission Requirements

Prospective consultants are asked to submit responses in two parts:

Letter of Interest

The Letter of Interest must specify the following:

- The name and address of the Consultant(s).
- General Information on the firm and any proposed sub-consultants
- Name, title and telephone number of the individuals within the firm authorized to commit the company to this contract.
- The name, title and telephone number of the individual CIRDWC should contact regarding questions and clarifications.

Technical Response

The Technical Response must contain a description of the consultant's proposed approach with specific reference to:

- Project understanding and approach to scope of services (Exhibit A)
- Any recommendations to improve/support the project.
- Description of any special services required.
- Name and required services of any subcontractors.
- Project schedule.
- Resumes of key personnel proposed to work on the assignment with emphasis on relevant experience.
- A detailed organization chart.
- A description and status of comparable project experience.
- Three references from comparable types of projects.
- Pertinent examples of related work prepared and designed by the consultant.

Each consultant must submit **six (6) paper** copies and one **(1) digital** copy of their proposal in a sealed envelope with the name and address of firm noted on the outside of the envelope. If forwarded by mail, the sealed envelope containing the proposal must be enclosed in another envelope addressed to the following:

Ms. Amy Kahler, Recording Secretary
2201 George Flagg Pkwy
Des Moines, IA 50321

Proposals must be received no later than 4:00 pm on Friday, April 11th, 2014. Proposals received after the date and time prescribed will not be considered for contract award and will be returned to the submitter. No partial submittals will be accepted.

Selection Process

CIRDWC will follow a Qualifications Based Selection (QBS) process for selecting the preferred Consultant(s). Consultants or consortia of consultants will be asked to demonstrate expertise and experience in all skill areas that may be appropriate to the work contemplated by the Commission. All RFQs received will be reviewed and evaluated by a Selection Committee comprised of Representatives and Ex-Officios of CIRDWC. Up to five prospective consultants will be selected for a short list and each will be requested to participate in an interview and presentation to the selection committee. The selection committee will make a recommendation for selection of consultant to the full Commission. If CIRDWC membership approves the recommendation, the CIRDWC Selection Committee will be authorized to communicate to the selected consultant and begin contract negotiations.

The proposals and consultants will be evaluated based on the following criteria:

- Corporate experience and capacity.
- Understanding of work to be performed.
- Project organization and staff commitment.
- Professional expertise of team.
- Prior experience relative to project.
- Completeness, feasibility and quality of scope of services and project schedule.
- Clarity and conciseness of presentation.

The selected consultant will be notified within 7 days of approval by CIRDWC and contract negotiations will commence immediately upon notification. A 60-day fee negotiation period will be provided for the selected consultant and CIRDWC to finalize the contract fees, scope of service and agreement. At the end of the 60 day negotiation period, the Contract shall be awarded. If a negotiated fee or scope of work cannot be mutually agreed to by both parties, CIRDWC will terminate negotiation and begin negotiation with the second rated firm.

The selected consultant will be required to prepare project documents in a timely manner and submit monthly status reports indicating work completed to date and any problems affecting the project schedule. The consultant will be expected to assign sufficient administrative, planning, design and support staff to complete the scope of work within the established schedule.

Additional Services

If respondents believe that additional services to those requested in the specifications are necessary, please identify those services, reasons for recommending such services, and the cost of the services.

Insurance

CIRDWC requires Consultants provide and maintain adequate professional liability for errors and omissions in the minimum amount of \$XXXXXX. The Consultant(s) and subcontractors shall carry workman's compensation insurance. Proof of adequate insurance must be included in the bid application.

Scope of Services

The Contractor shall provide the professional services identified in the Scope of Services provided in Exhibit A.

Project Deliverables and Expectations

Expected project deliverables are noted in Exhibit A. The selected consultant will be expected to deliver four primary written deliverables:

- SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis Report
- Summary of Stakeholder Discussions
- Asset Valuation Report
- Final Recommendations Report

Additionally, the selected consultant will be expected to:

- Attend monthly status meetings with the CIRDWC Executive Committee
- Provide a Progress Report at CIRDWC meetings (monthly, bi-monthly, or quarterly)

Personnel Request for Qualifications

The proposal must identify the person or persons who will be responsible for conducting the work as listed in this scope of services, and include a copy of each person's resume, experiences with municipal/government clients and listing of references.

Length of Service

It is expected and required that the work covered by this scope of services shall be completed in expeditious manner. The proposal should indicate an approximate date for completion of the work and anticipated length of time needed to complete the project.

Contract/ Agreement

The successful bidder shall enter into a contract with the CIRDWC and agree to abide by all state and federal contractual requirements. By signing the agreement with CIRDWC, the Consultant agrees to perform work as specified in the scope of services and accepts the terms and conditions set forth in the contract.

EXHIBIT A

Scope of Services Regional Governance Feasibility Study

The following tasks and considerations have been identified in defining the scope of services for the CIRDWC regional governance feasibility study:

Task 1

Perform a SWOT analysis (strengths, weaknesses, opportunities, and threats) of forming a regional production utility vs. maintaining status quo structure production facilities, with emphasis on benefits and/or cost savings to customers.

Deliverable: SWOT Analysis Report

Task 2

Meet individually with participating stakeholders.

Deliverable: Summary of Stakeholder Discussions

Task 3

Evaluate current regional production assets and identify meaningful joint assets:

- Identification of facilities
- Valuation
- Debt

Deliverable: Asset Valuation Report

Task 4

Identify legal, political and financial considerations, including but not limited to:

- Legal considerations for developing a regional water utility, including but not limited to entity formation, asset transfer, etc.
- Options for handling existing debt related to assets.
- Impact to various customer classes, including 1) wholesale, 2) purchased capacity, 3) contract, and 4) Des Moines retail customers.

Deliverable: Final Recommendations Report

Task 5

Identify options for organizational structure, including but not limited to:

- Composition of governing body (i.e., number, how determined, etc.).
- Scope of responsibility of regional production facilities.
- Relationship of regional production facility with community water boards/city councils.
- Methodology for constituting regional production utility at inception and allowing for future participation

Deliverable: Final Recommendations Report

Task 6

Identify recommended implementation approach and timeline.

Deliverable: Final Recommendations Report