



**FINANCE & ADMINISTRATION SUB-COMMITTEE
MEETING MINUTES
Wednesday, October 18, 2017 - 7:00 AM
West Des Moines City Hall – 4200 Mills Civic Parkway
Training Room, 2nd Floor**

Present: Councilmember Russ Trimble, Councilmember Jim Sandager, City Manager Tom Hadden, Deputy City Manager Jamie Letzring, City Attorney Dick Scieszinski, Assistant City Attorney Greta Truman, Director Tim Stiles, Interim City Engineer Brian Hemesath, Principal Engineer Ben McAlister, Budget Analyst Chris Hamlett, and Administrative Secretary Maureen Richmond

Guests: Ms. Susanne Gerlach, PFM Financial Advisors
Mr. Owen Gerard, PFM Financial Advisors

Meeting was called to order at 7:00 AM

- 1. Woodland Hills Urban Renewal Area – Booneville Road Paving – Item Deferred**
- 2. Stormwater and Sewer Rates**

Mr. Stiles presented financial information related to the City's Sewer and the Stormwater funds. Included were detailed cash flow projections for each fund along with graphs comparing current residential rates among all the metro area. Ms. Gerlach and Mr. Gerard PFM prepared the projections and attended the meeting to provide explanations of the financial analysis, while Mr. Hemesath and Mr. McAlister provided details of the upcoming planned projects.

- **The Sewer Enterprise Fund** has benefited by annual rate increases approved by the Council in the past and staff believes it will continue with nominal, incremental increases for the next five years. This fund has a significant cash reserve and has a manageable budget for projects for future growth assumptions. It is critical to the credit rating of the WRA that the WDM Sewer fund maintain an adequate operating margin. There is no outstanding debt other than that owed through the WRA.

Staff recommended that the practice of approving nominal increases to the Sanitary Sewer residential charge as outlined in the cash flow model. The immediate effective July 1, 2018 of 2.33% was already approved in 2012 as part of the five year plan at that time, so there is not a direct time-sensitive element to a decision. Councilmember Trimble requested a future meeting tentatively in mid-November with PFM and staff to review the future Sewer charges and WRA contributions.

- **The Stormwater Enterprise Fund** has not seen a rate increase since its inception 10 years ago, and the current rates are among the lowest in the metro. This fund has a small cash reserve and there are several major projects either in progress or which need to begin soon.

The projects, estimated at over \$40 million, includes several bridge repairs located in Dallas County, culverts, channels, and a pump station and many other storm improvements planned in the older sections of the City (primarily around 1st and Grand).

PFM and staff are recommending a rate increase of \$.50 per housing unit effective July 1, 2018 through July 1, 2021, and an increase of \$.25 July 1, 2022 through July 1, 2024.

PFM indicated that the situation the City is facing in the Stormwater fund is not uncommon among metro cities due to the increasing pressure to provide stormwater solutions. As a solution to the immediate discrepancy between the two funds, staff and PFM are recommending an internal low interest 15-year loan borrowing money from the Sewer fund to the Stormwater fund. PFM indicated that the solution provided of internal borrowing is not uncommon for cities and clearly permissible as long as all terms are formalized.

Councilmembers agreed with pursuing the loan concept and also with the recommended increase in the stormwater charges of \$0.60 each year, beginning July 1, 2018 for four years, and then increases of \$0.25 each of the following three fiscal years. Staff will proceed to develop formal council items for approval at a future council meeting.

3. Staff Updates

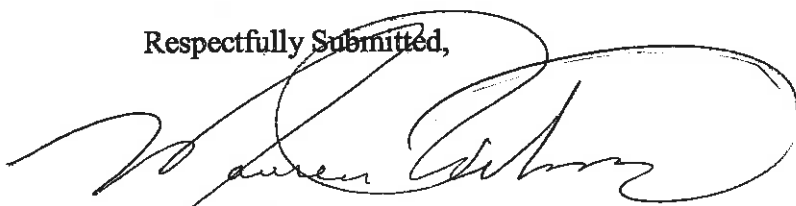
None

4. Other Matters

None

Meeting was adjourned at 7:50 AM.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Maureen Richmond', written over a large, faint circular stamp or watermark.

Maureen Richmond
Administrative Secretary