



MEETING MINUTES
FINANCE & ADMINISTRATION SUB-COMMITTEE
Wednesday, April 19, 2023 – 7:00 AM
Location – City Hall, Training Room, Second Floor

Present: Councilmember Greg Hudson (Chair), Councilmember Doug Loots, City Manager Tom Hadden, Finance Director Tim Stiles, Community & Economics Director Clyde Evans, City Engineer Brian Hemesath, Senior Budget Analyst Chris Hamlett, Accounting Manager Lesley Montgomery, Accounting Associate Jenny Buffington*, Human Resources Director Todd Sadler*, Administrative Secretary Jennie Rohe

* = Via Microsoft Teams

Guests: Josh Janeczko (Item 1)
Ed Arp (Item 1)*

Meeting was called to order at 7:00 AM

1. Proposed Development Agreement with I2 Technologies (B Johnson/Evans)

Mr. Clyde Evans presented information to a potential development agreement with i2Tech (Innovative Injection Technologies). The company recently acquired the church camp property at the intersection of Grand and Fuller Road and would like the area for commercial use to build a Light Industrial Warehouse. The committee is being asked at this time to endorse the company's High Quality Jobs Application to the State of Iowa (Iowa Economic Development Agency). Typically, the City's commitment would be matching funds in the form of a 5 year, sliding scale tax rebate, and that is what is being proposed with this project as well.

Mr. Evans noted that the property would need to be rezoned before any development agreement can be entered into.

Josh Janeczko (President & CEO – i2Tech) detailed what the company manufactures, provided growth statistics, and indicated future upcoming projects. He noted that they are currently leasing warehouse space, and this new property it would provide them available to remove those leases. Additionally, they currently have an application in with the state for the High-Quality Jobs Program.

Councilmember Loots asked whether we have an Urban Renewal Plan/Area and Mr. Evans indicated not yet, but we intend to create one. Additionally, he asked why the Comprehensive Plan and Zoning were not being done prior to this, and it was indicated that is due to time constraints. Councilmember Loots expressed his support of this agenda item. Councilmember Hudson inquired further about the comprehensive plan and rezoning and Mr. Evans indicated that we are working on a Comprehensive Plan Update and Rezoning in as a separate path, but trying to run as parallel as possible with this request.

Councilmember Hudson inquired on the timeline. Mr. Evans indicated that they would like to accomplish the zoning initially and then begin the phases for Comp Plan, Urban Renewal Plan, and Development Agreement. The URP will take 45-60 days and the DA will follow that.

The Councilmembers asked about support from the neighbors, and Mr. Jeneczko indicated there is concern from the West Des Moines Historical Society with the widening of the road,

The councilmembers were supportive, and Staff will bring a request for approval to the full Council at their meeting on May 1.

2. Proposed Development Agreement with Jordan Ridge LLC and Mainbuilt LLC (Evans)

Mr. Clyde Evans presented that the Forest Pointe Subdivision, at the southeast corner of Stagecoach and 81st Street have exceeded their max for a dead-end street, however there are homebuilders ready for construction. It is proposed that the City will construct a section of Stagecoach (78th to 81st Street) and the developer and homebuilders will guarantee any shortfall with a Performance Guarantee.

Councilmember Hudson summarized, they cannot proceed till the road is complete and they are willing to take on the risk of the city developing that road. A performance bond or other surety protects the city from financial trouble.

It was noted that we have routinely done performance bonds before, but this is different because The City will be an active participant since they are building the road.

The councilmembers were supportive the proposed Development Agreement with Jordan Ridge LLC & Mainbuilt LLC. Staff will bring a request for approval to the full Council at their meeting on May 1.

3. Review Westcom FY 2021-22 Annual Financial Report (Montgomery)

Mrs. Lesley Montgomery presented the Westcom FY 2021-22 Annual Financial Report. To improve transparency and implement recent recommendations, the Westcom Management Committee approved a separate audit engagement with its own audited financial statements for the first time.

Councilmember Hudson inquired about FORVIS reviewing Westcom for the first time. Mr. Stiles noted that while FORVIS has reviewed Westcom in the past, it was part of the General Fund, and this was unfamiliar territory for them to be reviewing it as a stand-alone engagement but not completely foreign. Mrs. Montgomery also noted that the auditor's materiality threshold was lower given the engagement, so they were more into the detail than in prior years.

Page 6 contains the Independent Auditors Report. The audit received an unmodified audit opinion (clean opinion, which is the goal). This means that when the City closed their books and sent the trial balance to the audit firm to test balances, there were no material misstatements and the numbers represented fairly the financial position of the City.

There is discussion at the Westcom Management Committee level of Westcom forming its own Legal Entity, but it is not currently its own entity. 80% of the funding comes from surrounding cities while the

other 20% comes from Polk County. Cities buy into Westcom because of their high level of service, most recently Norwalk and Windsor Heights.

Councilmember Hudson inquired about the in and out flow of funds. All the cities pay in based on their population and their % of the established budget. Since conservative budgeting is used, often actuals come in under budget. Per the Agreement, the over/under is applied to next year's payment.

Page 11 is a high-level balance sheet showing a statement of net position – Total Assets were \$2,464,119. All Westcom Employees are WDM City Employees, and it's not anticipated that would change soon. All long-term obligations (City Employee Wages) are on the City's books. Total Net Position of Westcom on June 30, 2022, was \$1,943,780.

Councilmember Loots inquired about how we are paying the employees and Mr. Stiles indicated they are accounted for in the general ledger under the Westcom fund and in addition, the City charges Westcom an overhead fee for the use of indirect costs including HR, Finance, etc.

Pages 16-18 provides over-arching balance sheet and income statement information.

Pages 27-36 contained financial statement details of each Westcom funding source & historical information. Mrs. Montgomery also indicates that there were no gaps noted by the audit firm in relation to the internal controls process.

The Councilmembers recommended approval of the Westcom Annual Report.

4. FY 2022-23 Budget Amendment #3 (Hamlett)

Mr. Hamlett presented a summary of the Third & Final budget amendment of fiscal year 2022/23. Overall, the revenue for this current fiscal year is coming in very well, higher than expected. The main thing that sticks out is we need to increase the budget for construction of sanitary sewer trunk line of section 8 going out to the national guard site (overall net increase).

Councilmember Hudson asked, was this expected. Due to increased revenue/permits, this was expected – just didn't know the timing.

The Councilmembers recommended approval of the amendment. Mr. Hamlett will coordinate its publication and it will eventually be presented to Council at their meeting of May 15.

5. Staff Updates

Mr. Stiles spoke about the City's overall debt picture. It was noted by a resident at Monday's budget public hearing that the City's overall debt level has been rising. While this is true, Mr. Stiles pointed out that perhaps a better metric to evaluate the debt would be to compare it to the City's constitutional debt limit. He presented a graph showing that the outstanding debt was around 52% of the limit, and that this percentage has been consistent for the past several years.

Mr. Stiles noted that the City still owes the Iowa Department of Transportation for its 50% share of cost related to construction of the Grand Prairie Parkway interchange from the mid 2010's. At that time, the DOT was going to construct the interchange with an agreement with the cities of West Des Moines and

Waukee to each reimburse the DOT for 50% of the cost, which was estimated to be \$19 million (\$9.5 million per city). However, the DOT had not ever requested payment until this past week. They notified both cities that the actual cost of construction was \$15 million so they are asking the cities to begin repayment of their share (\$7.5 million each). There is no interest component to the payment. Mr. Stiles noted that the City of WDM has been budgeting for these payments over the years and funds are available through the debt service levy. Repayments will begin July 2024 and continue for ten years.

Mr. Stiles provided an update on the City's application for a State Revolving Fund (SRF) loan to the Iowa Finance Authority which is the planned funding source for the Blue Creek Stormwater Improvement project. IFA has now approved the \$3.4 million loan at 1.75% interest and the closing date will be May 19. The loan proceeds will cover all design and construction costs, except for some ineligible utility relocation expenses.

Mr. Stiles reported that, in advance of the May 1 \$55 million bond sales, the City has completed a rating update call with Standard & Poor's. Although the final report is pending, the rating analyst indicated at the end of the call that he anticipated no change to the City's AAA rating. The full report will be available April 22.

Mr. Stiles reported that the City, and the Finance Department in particular, is hosting a one-day conference at the Rec Plex today (April 19). The conference is an annual meeting of the Iowa Public Procurement Association. This group is made up of procurement specialists from larger cities, counties, the State of Iowa, and regent universities. The City of WDM's Procurement Coordinator, Michelle Czarnecki, is an active member of the group and we agreed to be the host. Approximately 50-60 attendees will participate, and the agenda and all logistical details were coordinated by the Finance staff.

6. Other Matters

No additional matters were presented, the meeting adjourned at 8:19AM.

Respectfully Submitted,

Jennie Rohe

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Recording Secretary