

**Des Moines Metropolitan Wastewater Reclamation Authority Finance  
Committee  
Tuesday, July 19, 2022 @ 2:00 P.M.**

**MEETING LOCATION:  
BOARD CONFERENCE ROOM  
METRO WASTE AUTHORITY  
300 EAST LOCUST STREET, SUITE #100  
DES MOINES, IOWA**

**MINUTES**

**Members in Attendance**

Vern Willey, Altoona\*  
Jennifer Sease, Ankeny  
Matt McQuillen, Clive  
Nickolas Schaul, Des Moines  
Teresa Rotschafer, Johnston  
Dena Spooner, Pleasant Hill  
Paul Drey, USSD\*  
Brad Deets, Waukee  
Jody Smith, West Des Moines

**Others in Attendance**

Scott Hutchens, Operating Contractor  
James Beck, Operating Contractor  
Lisa Etnyre, Operating Contractor  
Roxane Vaughan, Operating Contractor  
Ben Warren, Operating Contractor  
Kathy Vanderpool, Operating Contractor  
Eric Boehlert, Ahlers & Cooney  
Elizabeth Burnett, Ahlers & Cooney  
Matt Stoffel, PFM  
Stephen Wewers, PFM  
EJ Giovannetti, Polk County  
Elizabeth Hanson, Clive  
Tim Stiles, West Des Moines

\* Participated in the meeting via telephone due to the fact that it was impractical or impossible to participate in the meeting in person.

Jody Smith called the meeting to order at 2:00 p.m.

**ITEM 1: Information on RNG - Information and possible recommendation**

Scott Hutchens started that recently the renewable natural gas facility experienced down time due to a motor failure. The motor was shipped to Alabama for repair but it is now back in service. Scott stated that Staff would like to look into purchasing additional compressors and motors to have on hand to keep the system running with no down time or lost revenue. The items would have to be stored properly to ensure the shelf-life expectancy and will cost approximately \$519,000. With the Committee's recommendation, the WRA Board agenda will include an item to procure this equipment to minimize future downtime.

Matt McQuillen made a motion to recommend the additional items be purchased, Vern Willey seconded: motion passed.

Roxane Vaughan reported that RNG facility final cost tallied at \$18,916,780. Revenue from the short term contract netted \$1,654,140 in fiscal years 2021 and 2022. Net revenue from the long term contract in fiscal year 2022 was \$4,740,790. In fiscal year 2022, the WRA received two payments of stored RNG/RINs produced under the short term contract.

**ITEM 2: Indirect Costs and Shared Costs - Information and possible recommendation**

Staff presented an overview of the Central Service Cost Allocation Plan which was prepared by an outside consultant prior to January 2022. The plan determines the WRA's allocated share of certain shared costs of the Operating Contractor. Public Works administration staff, including the Director is shared between Solid Waste, Streets, Sewers and others and billed as part of the Indirect Costs each year. The Legal department is allocated to the whole city and a portion shared with the WRA as part of Indirect Costs. The WRA's share was \$954,457 in fiscal year 2020-2021 and in 2021-2022 will be \$1,015,407.

Direct Costs shared with the Operating Contractor include services from Fleet (vehicle maintenance and fuel), Public Works (25% of the pumping station crew), and City Manager Admin (45% of one communication specialist). WRA's direct cost was \$891,976 in fiscal year 2020-2021. The PILOT cost was \$1,420,951 in fiscal year 2020-2021 and in 2021-2022 will be \$1,373,401. Nick Schaul noted that the formula for PILOT remains similar to the one developed prior to 2004.

WRA has in the past joined the RFP for audit services with the Operating Contractor but has the option to engage a separate auditor. Jody Smith stated current contract was nearing the end and asked for input and discussion of pros/cons of having a separate audit firm handle the WRA's annual audit. In spring of 2023, the city plans to request proposals from firms. Past proposals have asked for WRA's services to have clear pricing separate from the city charges but have been under the city's engagement letter.

After discussion, it was asked that WRA be involved in the next RFP including scoring. The WRA would use the same auditor as the city but ask for a separate engagement letter with the audit firm reporting directly to the WRA Board.

**ITEM 3: Information from Municipal Advisor - Information and possible recommendation**

Matt Stoffel noted that the CIP funding report for June 2022 showed that the WRA issued one construction loan and amended one existing loan for a sponsored project. It is expected that the WRA will issue 3 more construction loans and amend one or more sponsored project loans in 2022 and 2023. The WRA also has seven planning and design loans that are expected over the next 18 months and has five additional construction loans planned for 2023. PFM prepared the Bank Qualification report. Staff agrees with an amount of \$64,120,000 for this current year; distribution as a receive and file to all communities can be made at the next board meeting. A draft BQ report for 2023 was included today with estimated amounts.

**ITEM 4: Certificate Information from Municipal Advisor – Information and possible recommendation**

Matt Stoffel stated that the current bidding environment has added additional challenges to the certificate process. Recent engineering estimates have not consistently aligned with the bids received. As a result, PFM and WRA staff are proposing two changes to how certificates have been administered in the past. The first change is to narrow the time frame that the certificates fund. The next round of certificates will look out 6 to 12 months as opposed to 18 to 24 months. The second change is to include a bid

contingency in the certificate in the event projects continue to go over budget. The bid contingency will allow the WRA the flexibility to move forward with projects when that is deemed the best course of action. Eric Boehlert added that each Participating Community should take action in August to recognize the additional debt of the WRA. PFM's memo that will accompany the certificate information will include information from legal. The August Certificate will total \$83,600,000.

**ITEM 5: Other Business**

None

Meeting adjourned at 3:28 PM