



FINANCE & ADMINISTRATION SUB-COMMITTEE
MEETING MINUTES
Wednesday, December 16, 2015 - 7:30 AM
West Des Moines City Hall – 4200 Mills Civic Parkway
Training Room, 2nd Floor

Present: Councilmember Russ Trimble, City Manager Tom Hadden, Finance Director Tim Stiles, City Attorney Dick Scieszinski, Human Resources Director Jane Pauba Dodge, Community & Economic Development Director Clyde Evans, Public Works Director Bret Hodne, Parks & Recreation Director Gary Scott, Parks Superintendent Sally Ortgies, Forester John Olds, Accounting Manager Becky Scott, Communications Specialist Lucinda Stephenson, Budget Analyst Chris Hamlett, and Administrative Secretary Maureen Richmond

Guests: Colin Panzi, Rock Island Development Co. - Item 1
 Joren Jensen, Rock Island Development Co. – Item 1
 Kirk V. Blunck, Knowles Blunck Architecture – Item 1
 Brett Peterson, NCP, Inc. – Item 4
 Ryan Guetzing, NCP, Inc. – Item 4

Meeting was called to order at 7:30 AM

1. Potential Re-Development of 111 S. 11th Street

Mr. Evans introduced Mr. Panzi and Mr. Jensen, developers for a potential project located at 111 S. 11th being proposed under the operating name of The Foundry. Mr. Panzi and Mr. Jensen described the proposed concept of mixed-use as an area where people could come to work, shop, and connect. They envision this project as a catalyst for future development in the Valley Junction area.

Phase I of the proposed development consists of indoor/outdoor space on the site with vendors, restaurants, music, crafts, and special events. They are proposing to partner with a concept called the Big Wonderful which blends food, handcrafts, and entertainment and features an outdoor beer garden and indoor bazaar. They described special events that could be held on the property as well as year round retail on Friday and Saturday.

Phase II is proposed as multi-family residential property and Phase III as additional commercial development. They presented a financial breakdown of the potential project:

- Total project cost \$6,815,000
- Profitable project cost \$5,500,000
- Funding gap \$1,315,000

They acknowledged that the current owner is firm with the selling price of the building – as a result there is a need for assistance with the funding gap.

Mr. Blunck explained that he has been engaged to establish the historic elements of the property and assist the developers in applying for historic tax credits with the Department of Cultural Affairs. In order for the building to qualify as a historic building, the windows that were installed do not meet the standard and will have to be replaced to keep its historic nature.

The building is currently assessed at approximately \$850,000 and estimates after full development the assessment will be approximately \$4 to \$6 million dollars.

Councilman Trimble acknowledged the presentation. Mr. Evans indicated that staff will be working with the developer to determine the viability of city participation in the project, and will report back to the Committee should a plan of action materialize.

2. Forestry Program

Mr. Scott noted that since City Forester John Olds was hired in 2014, the Parks Department has been assuming all maintenance and trimming for trees located in parks, and also has taken on more responsibility for trees located in City-owned right-of-way ("Street Trees"). At the F&A meeting of October 21, 2015, Parks staff proposed to revise the City's program for tree trimming management by having the forester to handle all Street Trees. Parks staff believes that the City could save considerable administrative time, be more cost-effective, and trim trees more quickly which reduces risk to residents.

At that meeting, Mr. Scott and Ms. Ortgies noted the current procedure followed when the City receives a report of a non-compliant street tree. An inspector is sent to inspect the tree, the resident is notified certified and regular mail allowing 30 days to trim. The inspector then inspects again and if not compliant, posts a notice on the door giving 10 days to trim. If after 10 days, trimming has not been done, the City hires a contractor to complete the work, and administrative staff sends an invoice to the resident. Staff proposed that the Forester now simply go inspect the trees in question and have staff cut them to specification. In order to perform this maintenance internally, a bucket truck is needed at an estimated cost of approximately \$100,000.

At the October 21, 2015, F&A meeting, councilmembers discussed these proposed changes but recommended this item to be deferred and brought back with additional financial estimates. Also, Councilmembers had concern that City liability would increase if it assumes more responsibility for trimming. At that meeting, Mr. Scott and Mr. Scieszinski agreed to provide financial analysis and research the City liability.

Mr. Scott and Ms. Ortgies presented cost analysis comparing the current and proposed approaches. The analysis showed a net cost savings by having staff doing the trimming directly versus having the property owner do the work. Another advantage is that trimming can be done by staff in a matter of days versus it taking up to two months or longer if being done by the resident or City contractor. They also mentioned efficiencies by using the bucket truck for replacement of parking lot/shelter light bulbs, graffiti removal, building / shelter repairs and inspections, and retrieval of items in trees and roofs.

Councilmember Trimble stated his continued concern about the liability shift to the City.

Mr. Hodne noted if the City stayed pro-active trimming the trees, more likely the City would have less liability.

Mr. Trimble supported the Parks recommendation to revise the process and have staff take responsibility for trimming street trees (versus residents), contingent on whether Legal agreed that the City's liability was not increasing as a result.

3. Professional Services Agreement – Municipal Collections of America

Mr. Stiles presented a proposed Professional Services Agreement with Municipal Collections of America (MCOA). This firm has collection expertise with government agencies. Currently the City uses several different collection agencies and tools. Mr. Stiles recommends consolidating City collections through one agency to be more uniformed and cost efficient.

He noted that departments with the majority of accounts receivable for collection are EMS (ambulance services), Library (fines), and Finance (property loss and parking fines). Mr. Stiles noted the City currently collects debt through the State of Iowa Department of Administrative Services State Offset Program if the debt is \$50.00 or more. The steps to follow this process requires a fair amount of staff time to submit and collect from the state as well as address customer inquiries.

Through research and discussion with peers and industry experts, staff determined that only MCOA currently meshes its efforts with the State of Iowa's DAS Offset Program to allow the city to simultaneously utilize both programs. MCOA has positioned its expertise to perform the full state offset process on behalf of the city, including identifying the person's social security number for any account that does not currently have such information, preparing and maintaining the DAS filings, creating and mailing the required offset notice letter, and providing processing instructions. For these reasons staff is comfortable recommending the service be procured as an exception to the competitive selection process. MCOA.

Councilmember Trimble supported the proposed professional services agreement with Municipal Collections of America and recommended that the item be placed on a future City Council meeting for full consideration.

4. Request for Proposal (RFP) – Banking & Ancillary Services

Mr. Stiles brought forward a recommendation for banking and ancillary services. NCP, Inc. (consulting firm) and staff received a total of nine (9) responsive proposals. Each proposal was reviewed and scored by a committee consisting of City Manager, Finance Director, Accounting Manager, as well as three representatives from NCP. The Committee determine finalists in each category and arranged for interviews. The review committee unanimously confirmed West Bank as its preferred institution for general banking and merchant services and Miles Capital for investment management.

Councilmember Trimble supported the staff recommendation and appreciated the detailed

work put into the transparent process by staff. The agreements will be placed on the December 28, 2015 City Council meeting for full consideration.

5. Conduit Financing – Issuer Fee

The City currently does not charge a fee in situations where it serves as a conduit financier for Industrial Revenue Bonds as allowed under the State of Iowa Code. Based on past experience, it was known that other entities do charge a fee for this service in order to recover time of staff and out of pocket costs such as publication of public hearings.

At the F&A meeting of June 18, 2014, staff presented two proposed rate models for a potential conduit issuer fee. One fee structure is used by the City of Des Moines, and one is used by the Iowa Finance Authority. Each is based on a base fee plus sliding scale dependent on the size of issuance.

Councilmembers at that subcommittee meeting were reluctant to charge a fee which may be over-and-above the City's actual cost, so staff was asked to document time and other related costs associated with such an issuance. Staff compiled a listing showing approximately \$2,100 in staff time and costs and is recommending a Conduit Issuer Fee of \$2,000 be implemented

Councilmember Trimble supported charging \$2,000 issuer fee for Conduit Financing. The fee will be incorporated into the Schedule of City-Wide Fees and Charges and will be brought forward to full Council for consideration at the meeting of December 28, 2015.

6. Staff Updates

None

7. Other Matters

- A.** Mr. Hamlet brought forward a recommendation from Fleet Manager Rian Rasmussen and the Police Department related to vehicles. Typically the City's older patrol vehicles are "cycled through" and transformed to use for more civilian purposes, either in PD or other departments. However, due to unusual market conditions, they are recommending a different plan to most efficiently use the City's resources.

Under the proposal, the City would instead sell six old police vehicles through govdeals.com. Three Ford Crown Victoria and three Ford Interceptors will be sold -- the Crown Vic's should sell for approximately for \$2,500+ (as is typical) but an unusually high current demand should mean the Interceptors will bring approximately \$11,000 to \$14,000.

Police Department and Mr. Rasmussen suggest that instead of cycling the old cars, the City takes the "extra proceeds" and purchase three new unmarked Chevrolet Impalas at a cost of approximately \$17,000. This has several advantages – maintenance on the

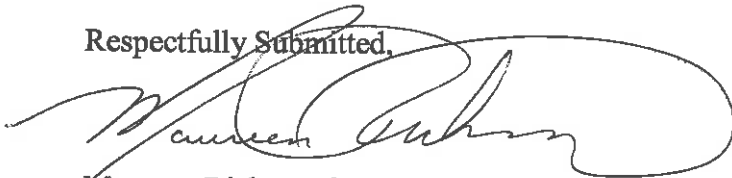
vehicles is reduced (warranty is in effect) and the Impalas will hold value for a longer period of time.

Councilmember Trimble supported a future Budget Amendment to reflect the sale and purchase of these vehicles.

- B. Mr. Hadden noted the Mayor recommended that staff prepare a Request for Proposal (RFP) for Bond Counsel and Litigation Legal Services. Councilmember Trimble agreed and supported moving forward with the process as schedules will best allow.

Meeting was adjourned at 8:56 AM.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Maureen Richmond", written over a large, loopy flourish that extends to the right.

Maureen Richmond
Administrative Secretary