



**MEETING MINUTES**  
**FINANCE & ADMINISTRATION SUB-COMMITTEE**  
**Wednesday, September 23, 2020 - 7:00 AM**  
**Held via Microsoft Teams**

Present: Councilmember Russ Trimble, Councilmember Greg Hudson, Mayor Steve Gaer, City Manager Tom Hadden, Deputy City Manager Jamie Letzring, Finance Director Tim Stiles, Budget Analyst Chris Hamlett, City Attorney Dick Scieszinski, Assistant City Attorney Jessica Spoden, Community and Economic Director Clyde Evans, Housing Planner Christine Gordon, Human Resources Director Jane Dodge, Parks & Recreation Director Sally Ortgies, Fire Chief Craig Leu, EMS Assistant Chief Rob Dehnert, Planner Linda Schemmel, Communication Specialist Lucinda Stephenson, and Secretary Katie Johnson

Guests: Mr. Amit Goel – Item #2  
Mr. Jim Bergman – Item #2  
Mr. Riley Hogan – Item #2

Meeting was called to order at 7:00 AM

**1. Lease Agreement for Sidewalk Cafés**

Ms. Gordon stated that the concept of using city sidewalks / alleyways as outdoor spaces as seating areas for guests at restaurants in Valley Junction originated with the Historic West Des Moines Master Plan. The concept is even more important now with COVID-19 requiring restaurants to separate customers to comply with social distancing. Two areas within the walkways which run perpendicular to 5<sup>th</sup> Street were identified as possible outdoor seating areas. Local restaurants Coopers and G Migs have requested use of the City's adjacent walkway. Staff would like to accommodate the requests and enter into leases between the City and the businesses.

Ms. Spoden obtained a similar style lease that the City of Des Moines uses for their Court Avenue area and believes many of those terms could be incorporated into a similar lease for West Des Moines. However, there are some areas of potential negotiation which staff is requesting Council input:

- **Term:** How long should the City lease these areas? Seasonal use?
- **Consideration:** How much should the business have to pay for use of the area?
- **Security Deposit:** How much?
- **Use:** How will the City determine which businesses can use the City's property?
- **Where:** Specifically identify areas to allow use by private businesses.

Ms. Schemmel added a note that each restaurant would like to make semi-permanent improvements that would stay up during the lease terms but be removed during the winter months. The lease as drafted by staff allows this, defines time frames, and prescribes how the site would be secured. The improvements would include a fencing or railing and possibly an awning or trellis.

Councilmember Trimble expressed concerns of the city's liability. Legal will provide input.

Councilmember Hudson supported a 2-year initial lease with an annual payment and basing the security deposit amount similar to the City of Des Moines.

Legal will work on a more defined lease and work with the Valley Junction merchants and will bring a lease back to a future Finance & Administration meeting.

## **2. Project Host Development Agreement**

Mayor Gaer started by providing background. He noted that the City had several developers approach them in the past for similar conference center projects to this development. In those cases, he said the developers were generally denied generous financial assistance packages. He noted that Hy-Vee built a convention center and will soon be on the market for competitive purposes. Mayor Gaer voiced concern in changing the Ponderosa development away from the original plan brought forward by Mr. Goel which consisted of constructing 900 apartment units. Finally, the Mayor asked for additional information about increased traffic brought on by the development.

Councilmember Hudson inquired as to whether the City has done similar financial incentives. There are concerns with our current uncertain times. Mr. Stiles stated that we have not done similar incentives in two areas – (1) time value of money in terms of repaying interest has not been a consideration, and (2) the City has not historically restricted the ability of other parcels in a TIF district (not controlled by the developer) to negotiate development agreements that could potentially rebate all of their TIF tax.

Mr. Trimble stated that if the city were to be doing the project there would be interest to be paid. He stated that we should not pay more interest than what the city would pay if they were to pay for interest on bonds. Mr. Goel and Mr. Bergman agreed. He also advocated that the investors would expect a return with interest and that was a reasonable request.

Mr. Evans mentioned that the developer would like to be reimbursed for the cost of land acquisition, but staff was not necessarily in agreement, so he asked for Council's perspective. Mr. Trimble was generally supportive, citing that land is a reasonable cost of the project. Mr. Hudson was more opposed, noting that that cost was incurred prior to any consideration of an incentive agreement. He also cited past precedent of the City where prior land acquisition costs were not factored.

Councilmembers generally supported the project and encouraged further staff discussions internally and with the developer. Eventually a development agreement will be placed on a future Finance & Administration meeting once the parties are aligned.

## **3. Rec Plex – Final Financing Plan**

Mr. Stiles presented proposed RecPlex funding information. Though the project has gone over budget at a current cost of \$55 million, staff is confident that the project has been constructed to be sustainable and can be operated with financial success moving forward. In order to fund the unseen additional costs, staff is recommending:

### **a. Forgivable Loan**

The City spent approximately \$5 million dollars grading the site. Staff is suggesting a forgivable loan from the Sewer Fund at a reasonable interest rate. Payments would be arranged for the future if there is ability with the option to forgive the loan should that be needed. Mr. Stiles mentioned that a full analysis of the Sewer fund is being completed which will show the fund's solvency. If a forgivable loan is approved, Council would be asked to decide on repayment terms perhaps five years from now. The proposed loan would be approximately \$5 million.

### **b. Future Bond Issuance**

Staff is proposing bonds to be issued later this year. These would be a 20-year General Obligation Bond. The bonds would internally be back filled with future Local Option Sales Tax with payments of approximately \$1 million dollars a year. The proposed bond Amount would be approximately \$15.9 million.

Councilmembers supported the RecPlex funding plan and suggested staff move forward with formal proceedings for a future Council agenda.

#### **4. FY 2021 Budget Amendment #1**

Mr. Hamlett presented budget amendment #1. The most notable pieces of the amendment are:

- Uncompleted projects which are carrying over from the previous year
- C.A.R.E.S. Act Money (Grant Revenue)

Councilmembers supported approval of FY 20-21 Budget Amendment #1. The item will be published in the newspaper and placed on the October 19 Council agenda for a public hearing.

#### **5. Staff Updates**

Mr. Hadden stated that Mrs. Rachel Flint would like to come to a future meeting to formally request the City Council approve a voluntary additional building permit fee which would be used to assist with training. Councilmembers each indicated they would be open for that discussion.

#### **6. Other Matters**

Fire Chief Craig Leu discussed the potential to outsource EMS billing. In 2019 EMS billed approximately \$6.8 million dollars. The staff has not grown over the past 10 years but call volume has doubled. Chief Leu would like to work with the Finance Director to move \$30,000 from other funding areas towards hiring a consultant to assist with an RFP for third party billing.

Meeting was adjourned at 9:38 AM.

Respectfully Submitted,

*Katie Johnson*

Katie Johnson  
Recording Secretary