

CITY OF ELKO
REDEVELOPMENT AGENCY
REGULAR MEETING MINUTES
3:00 P.M., P.D.S.T., TUESDAY, OCTOBER 27, 2015
ELKO CITY HALL, COUNCIL CHAMBERS,
1751 COLLEGE AVENUE, ELKO, NEVADA

CALL TO ORDER

The meeting was called to order by Mayor Chris Johnson, Chairman of the City of Elko Redevelopment Agency (RDA).

ROLL CALL

Present: Mayor Chris Johnson
Mandy Simons
Robert Schmidlein
Reece Keener
John Patrick Rice

City Staff: Curtis Calder, City Manager
Scott Wilkinson, Assistant City Manager
Jeremy Draper, Development Manager
James Wiley, Parks and Recreation Director
Matt Griego, Fire Chief
Rebecca Hansen, Planning Technician

PLEDGE OF ALLEGIANCE

INITIAL PUBLIC COMMENT PERIOD

There were no public comments made at this time.

APPROVAL OF MINUTES

July 28, 2015 – Regular meeting **FOR POSSIBLE ACTION**

August 25, 2015 – Regular meeting **FOR POSSIBLE ACTION**

September 22, 2015 – Regular meeting **FOR POSSIBLE ACTION**

*****There being no corrections or additions, all minutes were approved by general consent.**

I. UNFINISHED BUSINESS

A. Review, consideration, and possible action on the Downtown Action Plan prepared by Leland Consulting Group, dated July 2015, and matters related thereto. **FOR POSSIBLE ACTION**

Scott Wilkinson, Assistant City Manager, said we entered into this contract on August 7, 2014 for \$100,000; we have expended \$93,774. We have a document from the Leland Group who feels they have met the scope. The RAC recommended rejecting the report dated July 2015 for adoption into the RDA plan and also to sever any working ties with the Leland Group. On February 25, 2014 we brought a statement of qualifications (SOQ) to the RDA with 9 major deliverables. The minutes from that meeting also indicate we would end up with financial tools as a component of the finished product. One of the RDA members thought the Economic Plan was supposed to be similar to the Buxton Study done by the regional economic authority. It was finished in June and distributed to staff, RAC, and the City attorney for review. The City attorney's memo dated June 24, 2015 talks about issues with the document being adopted into the RDA plan. One fundamental issue he identified is the plan lacks the specificity needed to implement the Redevelopment Plan, and the function of the Action Plan in relation to the Redevelopment Plan and the Redevelopment Agency is unclear. Staff and committee members identified several concerns which are in the packet. On July 9th the project champion stated she didn't feel phase 2 of the contract was completed. They were supposed to make recommendations based on financial projections and estimations of return on investment that we could implement. The plan in its current form doesn't appear to be adoptable. There are portions of it that conflict with City Code.

Mayor Chris Johnson said Lina Blohm asked to get them to respond to some of the concerns. What was the outcome of that?

Mr. Wilkinson explained Ms. Blohm sent a communication to the Leland Group. They responded to him and asked what they should say to Ms. Blohm. They didn't offer to take the opportunity to pick the project back up and finish it. There is a memo dated August 4, 2015 saying they felt they met the scope of work.

Mandy Simons clarified Ms. Blohm got in contact with them and they responded to Mr. Wilkinson.

Mr. Wilkinson answered yes and then read the email. We have fundamental issues with the plan as far as incorporating it into the RDA Plan. One of the deliverables was an existing conditions analysis; parcel by parcel of the redevelopment area that catalogs and maps blighted conditions and physical, social and economic opportunities and constraints. We never had that outcome or a detailed market analysis. One of the outcomes was to have recommendations that would result in private money investment in the downtown area, but we didn't receive that in the plan. He continued to read some of the expected deliverables.

John Patrick Rice asked how many of the nine deliverables were actually delivered, or if it was just portions of every bit of it.

Mr. Wilkinson answered portions.

Mr. Rice said because they weren't comprehensive.

Curtis Calder, City Manager, said when you read through the SOQ, the deliverables didn't get transferred to the contract and the scope of contract changed; the scope of the contract wasn't fulfilled either. We brought it to their attention that the things we needed to make decisions were not provided. He was personally disappointed with their response especially after we paid \$93,000. We can certainly use it in some capacity, if there are portions that have value. He felt there may be a little value but certainly not what was anticipated originally.

Reece Keener asked if they had some recourse because the contract wasn't fulfilled.

Mr. Calder answered we might but we've already paid the money, so it puts us in more of a plaintiff situation than a defendant situation. He wasn't sure it would be worth pursuing because there will be additional costs.

Ms. Simons said when we have contractors we have a bond we can file. Is there something similar to that for consultants?

Mr. Calder answered in this case no. We didn't get to see the product until final draft stage. If we would have been receiving information along the way we could've questioned the various scopes and we could have stopped payment to manage the project.

Catherine Wines, RAC, asked if they have a professional license in the State of Oregon. That might be a way to report them.

Ms. Simon felt that would be a good thing to look in to. At the very least other people should know before they dive into a contract.

Robert Schmidtlein asked what was salvageable from the report.

Mr. Wilkinson said part of the Discovery Report is useful and explains leakage from the area and other things. There wasn't value in the recommended actions because a lot of them are to do additional studies. They briefly touched on downtown housing which is needed.

Mr. Schmidtlein said then they suggested another \$30,000 to study that.

Mr. Wilkinson felt if they would have made recommended actions that we could have considered to accomplish that would have helped us. We started with an incentive program to assist property owners invest in their property. We decided we needed to put that on hold to do this economic study and come up with a comprehensive plan to support the incentive program.

Mr. Schmidtlein said from a financial standpoint, he felt they didn't help us gain funding resources.

Mr. Wilkinson said the overriding concern is that of our City Attorney which is, it's not a document we can use to implement our existing RDA plan or to amend our existing plan.

Mr. Keener said Ms. Blohm contacted him with concerns when the report came out, so he knows she tried hard to get some resolution from them.

Mayor Johnson asked if the City's assessment of the plan back to the consultant was detailed enough. There's a lot of information and interpretation. Do we feel the City has specifically asked the consultant direct questions where they were lacking?

Mr. Wilkinson said he has had phone conversations with the consultant and they feel they met the scope. They responded to some of his concerns by pulling them out of context, but didn't respond to other comments. It's to the point that we would have to consider legal action, but that would be difficult. There was also conversation between the consultant and staff about how the product evolved over time.

Mr. Rice felt it would be worth one last formal letter outlining why they haven't met scope. They quickly rejected the RDA's direction 6 weeks ago. He felt the RDA didn't keep a close enough eye on it, we relied too much on staff and other organizations. Our due diligence is to send them one more letter.

Ms. Simons said we could say we've received this portion, but not portion five, six and seven, for example. We look forward to receiving it as soon as possible.

Mr. Wilkinson explained it will be difficult because the SOQ deliverables didn't get carried to the contract. He gave an example of the existing conditions analysis which does not require a parcel by parcel evaluation in the contract.

Ms. Simons asked if they have fulfilled the actual contract.

Mr. Wilkinson read an example from the contract which is open to interpretation. The problem is the contractor developed the scope. Additionally, the project evolved over time as acknowledged in communication. What happened there is rather than getting an economic report, the Leland Group was instructed to work with Logan Simpson and develop a report that supported a downtown plaza. It would be hard to go back and sort through all those issues because he didn't see them deviating much from their communication where they believe they met the scope. Although, their response was also open to interpretation. He didn't feel a letter would get the fundamental changes to the plan in order to use it to amend or implement the existing RDA Plan.

Mayor Johnson said it sounds like some of the plan is usable, so he wasn't ready reject the plan.

Mr. Wilkinson said it's for adoption into the RDA Plan. We don't have a document to implement into the plan or amend the RDA plan.

Mayor Johnson asked if Mr. Wilkinson felt the contract was specific enough for Leland to deliver that.

Mr. Wilkinson explained he asked the Leland Group how we can incorporate their document into our RDA Plan. Their response was, “that’s not our concern, you need to figure that out.”

Mr. Rice said they provided us with a plan that we can’t implement for a variety of reasons because it doesn’t fit with our codes and NRS. Therefore, they clearly didn’t do their homework.

Mayor Johnson said it’s not an exact science. The consultant is going to give you some broad type things to consider. To say that all of the plan and all of the work that was completed is not useful, he didn’t want to make that motion.

Mr. Rice agreed and said there is probably information we can use. By rejecting it as an action plan, doesn’t mean we can’t use some of the information. We just simply can’t use the action plan because it doesn’t conform with NRS. A motion could be made to extract information from the report that’s useful, but to reject as an action plan to be adopted to the Redevelopment Plan.

Ms. Simons said we don’t have to incorporate it into the plan, we can just use any useful information.

Mr. Keener felt they would have more standing by telling the Leland Group, the RDA has rejected the study and they need to take another look at it.

Mayor Johnson asked if they have invoiced in full.

Mr. Wilkinson said in early May they sent two invoices. The first brought the total up to \$93,774 and they submitted a second invoice for a little over \$5,000 bringing the total amount billed over \$98,000; that invoice has not been processed and the Leland Group has not asked for payment on that invoice. We have an RDA Plan that we’re trying to implement and we have to have plans consistent with the adopted RDA Plan, or if we have a material deviation we have to amend our RDA Plan. In either case we can’t do that with this plan. Some of the actions in this plan call for additional consultants, studies and committees which aren’t manageable, and don’t provide any actions which increase our tax increment or address blight.

Jon Karr, RAC, said when he made the motion, he was basically stating we can take some information we have learned from this; the rest of it does not benefit them so his motion was to quit working with them because they have proven to be incompetent. It is a document of no use and to continue working with them is a waste of time.

Mr. Schmidlein felt if this isn’t rejected they will expect to be paid in full. We’re fighting a losing battle.

**** A motion was made by Reece Keener, seconded by John Patrick Rice, to reject the Downtown Action Plan prepared by Leland Consulting Group dated July 2015 for adoption into the RDA Plan, and direct staff to explore methods of resolution which may include a letter from the City’s Attorney.**

The motion passed unanimously. (5-0)

B. Review, consideration and possible action regarding funding resources for the Downtown Corridor Budget, as previously approved by RDA, and matters related thereto. **FOR POSSIBLE ACTION**

Mr. Wilkinson explained this is on the agenda as we try to work towards completing the corridor design. We need to start discussing how we might fund a project with a base bid of \$5 million. He said it was tabled at the last RAC meeting. At some point we need to discuss commitment for the RDA, whether it be a portion of the tax increment (TIF) to a bond or cash flowing a project, or a combination of both. We're trying to wrap this up by the end of this year. The consultant would like to have it wrapped up by the end of the month. We also have to plan for the Centennial Project.

Mr. Calder said we don't need an answer now, but you need to think about the proportional amount of TIF you want to allocate towards long-term debt. Bonding is about a 4 month process, so if we are going to bond we need to start that process after the first of the year. We just need to have a target figure to find out what the bonding cost is going to be. It's a little bit different for Redevelopment Agencies than the City of Elko; there is more coverage required on the bonds, which could impact what we net back from a bond. The type of decision we're looking for is if you want to bond for 75% of TIF so we have 25% for other projects in the RDA on a pay as you go basis. Something to consider is if you bond for 100% of the TIF there will be nothing left for other projects from RDA throughout the life of the bond. He's not sure exactly what they can bond at 100% of the TIF, but we still have a lot of money to come up with to get to the \$5 million mark.

Ms. Simons asked how much TIF we brought in last year.

Mr. Calder answered approximately \$225,000. Whenever a new property is developed, we see a boost in that. That is all the data the bond council and financial advisor will look at and do projections based on what we are getting today and what we foresee we are getting; this will insure we have adequate coverage to pay the debt on a bond. Even if we bond for 100%, we still will only have about half of the \$5 million needed. We were hoping that the analysis done by the Leland Group would give us those answers.

Mayor Johnson asked if it was realistic that the plan could be completed on a cash basis.

Mr. Calder said you would need some seed money to get some economies of scale. Even if you only did a couple blocks, you're talking upwards of approximately \$2 million. You can phase it, but the down side to doing it with cash is we would lose economy of scale. Similar to the taxiway relocation project at the airport, we wanted to do it in 1 or 2 phases but we didn't have the money. We ended up doing it in 6 phases and probably paying twice as much than if we would have just paid for it up front. The good thing is money is cheap right now; interest rates are phenomenally low. We got a 20 year bond for 2.57% for the Sports Complex, which is almost unheard of. If we look at it as a pay as you go process we'd probably have to scale the plan back.

Mayor Johnson questioned what the cost was per block.

Mr. Calder explained it varies on a block per block basis. The downtown area has more extensive infrastructure requirements, and then as you move east there's less required per block. For example the Centennial Project location, the block between 5th and 6th Streets is going to be fairly expensive to completely rehabilitate.

Mayor Johnson asked what we would get for \$1 million.

Mr. Wilkinson said he didn't have the cost break down. There were a couple blocks that included pavers, landscaping, sidewalk replacement and a plaza.

Mayor Johnson said we have a commitment to the Centennial Project. He wasn't interested in allocating all funds to go into debt. To get to the \$5 million we have to get the general fund as part of it. With the money we borrowed for the Police Station and Sports Complex, he wanted breathing room to be sure those things don't become overwhelming. On the same side, it doesn't make sense to do a cash only basis. Getting the Centennial project completed by 2017 would be a great accomplishment. He felt future Council could make a decision to take on another block.

Ms. Simons agreed and said she didn't want another big bond and felt it would be irresponsible. If we can look at it block by block or by projects, then we can break it down with cash flow.

Mr. Rice also agreed, but felt they should look at what a bond would cost as an option. Staff can make those kinds of calculations and present them to us.

Ms. Wines asked how much of the plan is infrastructure. Infrastructure being the stuff you can't see.

Mr. Wilkinson said sidewalks and streets are infrastructure also. We have a break down that line items all of that. What the cost doesn't do is block per block. We had broad categories such as landscaping, utilities, amenities, sidewalk, site work, drive areas, hardscape, etc. We broke those down by the total cost over the whole corridor because the last conversation we had was to spread the \$5 million across the entire corridor. However, we do need to recognize the Centennial is coming up and we'll probably have to pay attention to a more focused area to celebrate that. We went back to RAC and they want to explore the benefits of head-in parking adjacent to the buildings and reaching out to the property and business owners, especially if we're going to consider a local improvement district. We've expended \$102,000 with Logan Simpson Design. He has invoices right now for \$25,000 out of a \$144,000 contract up to \$160,000. We need to be very smart in how we manage the contract going forward, so we have a design to execute on.

Ms. Wines asked if there was any possibility of money coming from Utilities or other funds for the infrastructure work, rather than just the RDA.

Mr. Wilkinson answered yes. One thing that will occur with maintaining the existing infrastructure is a lot of those utility costs would be eliminated, with the exception of Storm Water. Then we don't have to address conflicts with water and sewer.

Ms. Wines said it seems like a huge part of the problem is determining what is storm water. If there wasn't an RDA, where would that money come from to repair the storm drain system?

Mr. Wilkinson answered the Public Works Department.

**** A motion was made by John Rice, seconded by Robert Schmidlein, to direct RAC to evaluate and recommend a maximum amount of tax increment to deploy toward corridor improvements, versus other possible projects within the entire redevelopment area.**

The motion passed unanimously. (5-0)

FINAL PUBLIC COMMENT PERIOD

Mr. Karr said the RAC is meeting more often to get this done.

ADJOURNMENT

There being no further business, the meeting was adjourned.

Mayor Chris J. Johnson, Chairman
Redevelopment Agency