

**THE COMMON COUNCIL OF THE CIVIL CITY OF NEW ALBANY, INDIANA,
HELD A COUNCIL WORK SESSION IN THE THIRD FLOOR ASSEMBLY
ROOM OF THE CITY/COUNTY BUILDING ON MONDAY, MAY 7, 2018 AT 6:00
P.M.**

President Knable called the meeting of the New Albany City Council to order at 6:00 p.m.

PRESENT: Council Members, Mr. Coffey, Mr. Caesar, Mr. Phipps, Mr. McLaughlin, Mr. Nash, Mr. Blair, Mr. Aebersold, Mr. Barksdale and President Knable.

OTHERS PRESENT: Ms. Stein, Mr. Gibson, Mr. Staten and Mrs. Glotzbach

President Knable called the meeting to order at 6:00 p.m.

Mr. Gibson introduced Mr. Herschel Frierson, Mr. Mark Adam, Mr. Greg Martz, Mr. Beau Zoeller, Ms. Denise Barkdull and representatives from Denton Floyd. He passed out hard copies of the information that he emailed to the council earlier and reviewed it with them. He explained that this is a Bill Operate Transfer type of project and the greatest benefit from this is no change orders. He stated that total cost of the project is \$6.35M and we are financing approximately \$5.6M which is a difference of \$750,000.00 which will be funded by NARC. He then stated that in the packet there are some current photos of the site and that Indiana Landmarks has shown their support in making sure that this site is redeveloped and that the project continues. He also stated that the packet includes a copy of the corporate proposal from Denton Floyd. He moved on to the financial summary from Crowe Horwath and explained that they were asked to look at various options and they ultimately came back with the 15-year project that is summarized in the packet. He said that he wouldn't have brought the project forward if there wasn't a way to financially fund it and still meet the needs of the city. He explained that there is a \$570,000.00 sewer pledge from EDIT to the sewer yearly so when they were examining the numbers on the 15-year term, the number ended up being \$570,000.00. He stated that he then looked at options because he didn't want to come back and ask for new money so he looked at the pledge to the sewer to see if that money is still needed and the analysis indicated that it is not so that money could be freed up. He then stated that he looked at the \$200,000.00 that is budgeted yearly for this building and it is really paying operating expenses only because any equity that has been built by the city was done back in 1992 after all of the original leases and bonds were paid off. He explained that we are not building any equity in this structure and under the new plan that is in front of the council tonight, the citizens of New Albany will own the new city hall after 15 years. He stated that the biggest issue that he heard from several people is that we need to do infrastructure so he took our funds that are used for infrastructure, which are EDIT, Rainy Day, Riverboat and LRS and projected those out for 15 years to show what could be done and what is possible. He said that if you look at the various spreadsheets in the packet, you will see a growing balance at the bottom which is highlighted in yellow that will be used for additional expenses for things not accounted for in additional projects, etc. He pointed out that if you look at 2019, he went ahead and budgeted \$1M for paving and/or infrastructure as well as accounted for Scribner Place, fire truck, city hall and police cars. He added that the fire truck payment goes away after 2019 so we will not have that expense in 2020. He then said that page 45 is kind of the balance sheet projection and the packet includes a copy of certified shares that basically is the number that tells you how much we get in income for EDIT and 2018 is \$3.779M. He stated that page 47 is the amortization schedule for Scribner Place on the refinance that was done and page 48 is the fire truck summary sheet. He said that lastly, there is a budget to actual on each fund through April, 2018. He said that he did it for EDIT, Riverboat, LRS but Rainy Day he tries to keep flat at \$726,000.00. He went over the

memos that he prepared for the council and said the first one is total funds that can be used for paving/infrastructure in 2018, which is \$4,193,140.00. He said the second one is a summary of the packet, which essentially says that over the next 15 years, we have almost \$31M for paving/infrastructure funds being allocated. He said that he took extremely conservative numbers and put the key assumptions in and summarized them. He said that he highlighted the Community Crossings Grants and aspects and explained that the last paragraph is other infrastructure and road projects that are being implemented by the city through the redevelopment commission. He also explained that it is anticipated that through 2018 and 2019, there will be \$16.5M of infrastructure road projects done within the city. He stated that from 2019 and 2021, they have programmed in excess of \$7.7M of infrastructure road projects. He said that he felt it was very important to explain and show that a new city hall would not be built at the expense of infrastructure throughout the city. He said that he has been doing this job for the last 15 years and the Reisz building is in the same condition now or worse than it was when he started. He also said that it is a historic building and will be a redevelopment that will add a great deal to that corridor.

Mr. Caesar stated that right now we are paying \$192,000.00 per month out of the budget and asked if that will continue to come out and the rest of the balance be treated as EDIT funds.

Mr. Gibson stated that they didn't want to ask for new money but reallocate budgeted money so the \$200,000.00 would still be budgeted toward paying the payment of the other \$570,000.00

Mr. Caesar asked who has control over the \$200,000.00.

Mr. Gibson stated that it would be in the budget as it is now.

Mr. Caesar asked if the balance of the \$570,000.00 from the sewer pledge would remain in EDIT.

Mr. Gibson replied yes.

Mr. Blair stated that is an additional \$370,000.00 that we are spending per year so our cost is going up that amount each year.

Mr. Gibson stated that is correct.

Mr. Blair asked how much the rent is for the police station and police headquarters.

Mr. Gibson stated that they have about 2,000 sq. ft.

Mr. Coffey stated that there is 9,213 sq. ft. at the police station and 6,565 sq. ft. in this building and the combined cost is \$188,004.20 per year.

Mr. Aebersold asked if we will still be paying for the police.

Mr. Gibson replied yes, at this time.

Mr. Coffey explained that when the jail was built, the county assumed the responsibility of the bonds so when the jail is paid off, they get the building. He stated that it has nothing to do with the police and sheriff departments at all.

Mr. Blair stated that there is 6,565 sq. ft. being used on this floor for administrative offices and the new structure is going to be 23,000 sq. ft. He asked why we need four times the space that we currently have.

Mr. Gibson stated that it is a matter of applying historic perseveration to a building that has been vacant for many years as well as removing blight from our community.

Mr. Blair stated that if we would look at other office space and instead of using 23,000 sq. ft. maybe expand to say 10,000 sq. ft., you would come up with about \$200,000.00 per year instead of \$570,000.00. He suggested looking at an appropriate size so we could save a lot of money.

Dr. Knable asked if any of their discussions have considered renting out some of the extra space in the building for professional space.

Mr. Gibson stated that he understands Mr. Blair's comments but this is also about a historic preservation/redevelopment project in our downtown and is really the last large building that needs to be done.

Mr. Phipps pointed out that we will have better parking facilities there with better handicapped accessibility than we have here. He also said that it is his hopes that we can have greater transparency there by streaming meetings, etc. He added that there are all kinds of things that we can do with this.

Mr. Blair agreed but said that we don't have to do it at \$570,000.00 or at 23,000 sq. ft. He then thanked Mr. Gibson for providing all of the numbers but pointed out that they are still short on road repairs. He said that at the last meeting they received a list that totaled \$5M and Mr. Gibson has projected the best case at \$4.2M and that's only if we get the Community Crossings Grant in the amount of \$1M. He said that does not include stormwater and he has two projects in his district that have been promised stormwater detention but has been told they don't have any more funds for stormwater. He added that we need sidewalks as well which have not been included.

Mr. Gibson stated that he doesn't agree with that because infrastructure does include sidewalks, curbs, gutters, etc.

Mr. Blair stated that the list that he gave the council is \$5M for just roads and the list is three years old.

Mr. Gibson stated that does create problems in giving the council information because that is a rolling list that is used on a basis that is reevaluated and is not a list to just say go do all of this in one year. He said that the numbers he projected and provided are pretty solid and he did that to let the council know that he did listen and provide the information that they wanted.

Mr. Blair then thanked him for providing an elected official information that was requested but said that is what he would expect. He added that Mr. Gibson is acting like it was a big deal to provide them with information that was requested.

Mr. Gibson stated that when a list is given like that, you are assuming that all of it is going to be done today and they have never been done that way. He again said that it is a rolling list that that gets reevaluated.

Mr. Blair stated that there are roads out there that need to be repaired that are not on the list and he feels that he has been very consistent on this council for the last six years on infrastructure and all of a sudden there is money for a new city hall.

Mr. Gibson stated that they are talking about \$370,000.00 per year and whether that is worth getting rid of blight for a new city hall.

Mr. Blair stated that you could repave 5 or 6 miles of road, pave some alleys, etc. with \$370,000.00. He also stated that is a long-term commitment for 15 years. He said that he feels they should put more money in streets rather than building a big luxurious city hall.

Mr. Coffey stated that it was just a couple of weeks ago that they were trying to come up with more than \$1M for paving and the \$570,000.00 come up. He also stated that there are two roads that have to be fixed and \$1M is not going to touch it. He said that the biggest blight that he sees in the city is the roads and that building has been sitting there for the last 40 years and he is sick of someone thinking that it is the taxpayers' responsibility to fix up every broken down building. He said that last month we didn't have \$4M for the roads and feels that these projections are based on the best-case scenarios.

Mr. Gibson stated that they are not. He reviewed the numbers again with the council.

Mr. Nash asked if he has an anticipated cost for maintaining the building after the 15 years.

Mr. Gibson stated that we will just have normal operating costs.

Mr. Nash stated that his point is that 15 years from now we will not be spending anywhere near \$570,000.00 per year on it.

Mr. Gibson stated that he would suggest dedicating at that point an ongoing maintenance fund.

Mr. Nash asked if he can easily project that it will be less than the \$188,000.00 per year.

Mr. Gibson stated that he can't really give an estimate because it would really be what you want to put in it.

Dr. Knable stated that he is open minded on this and doesn't plan to make his final decision until the final vote at the third reading and hopes that the other members are like that too or they are otherwise just going through the motions here. He also stated that they really need to get some public input between now and their next meeting. He then asked what is included in the 2% increase on personal services costs.

Mr. Gibson stated that is salaries.

Dr. Knable asks if it includes construction inflation costs.

Mr. Gibson replied no.

Dr. Knable stated that he feels we are probably going into an inflationary cycle given what unemployment is, etc. He asked if no change orders means that if they swing the first hammer and the whole building collapses and has to be completely rebuilt, we are not out anything other than our commitment at this point and time.

Mr. Gibson replied yes.

Mr. Martz stated that it is a guaranteed maximum contract so \$5.6M is the number and it will not be higher than that. He added that if something happens it is on them.

Dr. Knable stated that he has had some concerns from a legal standpoint and asked if they need to separate the encumbrance on the EDIT funds in to a separate ordinance to free them up and then reallocate them. He said that it is in the ordinance like an omnibus and he doesn't know if that is legal.

Mr. Gibson replied that it is all legal but stated they can discuss that in the regular meeting to give more details.

Dr. Knable said that since this has been put together we have had a new opportunity zone with legislation coming from Indianapolis and asked if there is any way this deal can take advantage of that or if it would be advantageous to open it up again to public bid.

Mr. Gibson stated that it is in there but they have put the cart before the horse at this point because they have allocated opportunity zones but have not funded them.

Dr. Knable stated that he doesn't think it is going to be in funding but will be in tax abatements.

Mr. Zoeller stated that he spoke with Senator Ron Grooms and Representative Ed Clere last week and explained that he was told that it's out there, it has been assigned an opportunity zone but the procedures on enacting the opportunity have not been put in place and they didn't know when they would come out.

Dr. Knable stated that it may be advantageous for them to wait to swing the first hammer until they see if that is going to be retroactive. He then asked who is considered the owner for those 15 years under the BOT Agreement.

Mr. Gibson stated that we will be from day one once we move in.

Mr. Aebersold asked if he received more bids than one.

Mr. Gibson replied no and stated that they did not receive any calls for extensions or anything else.

Mr. Aebersold stated that he usually tries to get two or three bids when he does a project and would hate to find out in a few years that it could've been done for less.

Mr. Gibson stated that everything statutorily was done to ensure that public notice went out and public meetings were done, etc.

Dr. Knable stated that he would like to have a discussion on the timeline for bids and asked if everything statutorily was done he is fine but he doesn't know if enough time was allowed for a meaningful bid process.

Mr. Zoeller stated that it is pretty standard in IC 523 BOT Lease Agreements to do a 10-14 day period in which the RFP is open and then do a recommendation of award by redevelopment. He said that you then do a public hearing and all notices are published in the paper. He said that Mr. Greg Martz does a lot of these and can speak to what he has seen throughout the state.

Mr. Greg Martz stated that they have responded to approximately 50 special projects in the state and he would say the average normal response time is about two weeks. He also stated that most everyone's responses are almost the same on these because the statute is so straight forward. He said that from his standpoint, it was a comfortable amount of time. He then explained that he has seen that that the two main reason that communities use this BOT Lease Agreement method is that number one there are no change orders and number two would be that there is an end date

Dr. Knable stated that there would be a benefit to us renting from you with first right of refusal and then have you pay taxes to us. He added that we would lose out on the change order issue but he is just trying to think this thing out on both sides.

Mr. Martz stated that he has always seen a control issue more than anything else and if you were to not have ownership, he doesn't even know if that would trigger property taxes. He added that he has not seen that scenario before.

ADJOURN:

There being no further business before the board, the meeting adjourned at 6:50 p.m.

Al Knable, President

Vicki Glotzbach, City Clerk