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ECONOMIC DEVELOPMENT COMMITTEE JANUARY 5, 1999

A meeting of the Economic Development Committee was called to order by Councilman Hakeem, Chairman, with Councilmen Pierce, Crockett, Taylor, Franklin, Rutherford, Hurley and Lively present. City Attorneys Mike McMahan and Randy Nelson; Management Analyst Randy Burns; and Shirley Crownover, Assistant Clerk to the Council, were also present.

Others present included Mayor Kinsey, Adm. Boney, Admm. Marcellis, Adm. Traugher, Ken Hays, and Adm. Mitchell.

PHOENIX ASSOCIATES, LLC DEFERRAL

Chairman Hakeem noted that Attorney Joe Conner was present and wished to address the committee on behalf of Phoenix Associates, LLC. He stated that he had a request he wished to make of the Council.

Attorney Conner expressed his appreciation at being allowed to say a couple of words. He stated that the study they were expecting from Wilbur Smith had been delayed before, and they now had it but there were some things that needed to be evaluated, and they needed to meet with Jack Marcellis and John VanWinkle. He stated they felt pretty good as to how their project fits in. He explained the Impact Study was done to show what the traffic needs are. He noted that in November Councilman Pierce had suggested that first reading be delayed for 60 days, which would be next Tuesday (January 12th). He stated they would like to have their Impact Study considered by Jack Marcellis and John VanWinkle and present this next week to committee and in order for the Council to digest this, to put off first reading until January 19th. He stated they were prepared to go forward but would not object to moving this another week.

Councilman Pierce supported what Attorney Conner was saying but noted that if it did not pass on first reading, one week more and the issue

would be dead. He stated he would support hearing about the Impact Study in committee next week and putting this on the agenda for first reading on January 19th. He put this in the form of a motion, and this was seconded by Councilwoman Rutherford.

Attorney Nelson reminded the Council that this had been advertised 45-50 days ago and stated he would feel better if we re-advertised this because this may eventually be challenged. He stated it needed to be advertised 15 days in advance of the hearing. He suggested advertising this to be heard on January 26th.

A representative of Phoenix Associates, LLC stated this would give everyone time to assimilate the information and ample time to figure out what we have; that they would be in agreement to having a committee meeting to discuss the issue on January 12th and then have first reading on January 26th, and this would be re-advertised.

Councilman Pierce noted that the time of the committee meeting could be moved also. Councilman Franklin suggested that the committee meeting be left on January 12th. Attorney Conner indicated that they would be glad to be here next week to show the Council what they would like to see. Councilman Pierce stated his concern that he hoped we would be able to notify the public so they would not be present at next week's meeting.

PERSONAL SERVICES CONTRACT--ROB TAYLOR

Mayor Kinsey stated that as everyone knows, we are in the process of doing a tremendous amount of construction in the Southside; that we had preliminarily approved a Letter of Intent with Heinz Development for the Conference Center; that we had schematic drawings and designs, and this would encompass one full block; that it would be a \$35 million dollar development. Mayor Kinsey noted that the City had not built a building in a long time and this would require someone with expertise and ability to get out there and work. He explained that Rob Taylor grew up on this project and had left RiverValley, and he would continue with this project; that we had a couple of choices on how to work on this--that we could hire someone and put them on the City payroll but that would mean we would still have them here when they were needed or not; that this is a short-term project (two years) and at the end of the project Mr. Taylor will go on to something else; that the rationale for a Personal Services Contract was the timing of two years.

Mayor Kinsey continued, stating that Adm. Boney had calculated that the salary of \$89,000 would actually be less than \$65,000 a year; that Mr. Taylor would have no benefits, pension, or vacation time; that there would be no social security--that this was a flat amount; that it was less than 1/2% of the cost of the building and will be included in the cost of the building, and the money will be recouped. He noted that all of the Council members were not present at the committee

meeting when he first discussed this. He stated that Mr. Taylor had assured us that he would work on this project well over 40 hours a week and would also do some other things.

Councilman Taylor noted that Mr. Taylor had been with RiverValley and questioned if RiverValley would be heading this charge. Mayor Kinsey responded that they would be playing a big role, but it was Rob who would be doing this--that he would be the guy heading things up. Councilman Taylor asked if RiverValley's scope was not downtown. Mayor Kinsey stated that RiverValley would not be involved with individual projects; that they needed to be involved on a larger scale and get things going. Councilman Taylor asked the estimated cost of the project, and Mayor Kinsey responded a minimum of \$35 million dollars.

Councilwoman Hurley equated this with the aquarium being built by the private sector and not-for-profit; that it would have been hard without someone representing us and keeping the architectural dreams and visions realities and managing the project for an appropriate investment; she stated something of this nature saves us as much as it costs us. Mayor Kinsey agreed that architects and engineers have to have someone to call. Councilwoman Hurley asked if we had finalized financial arrangements with RiverValley. Mayor Kinsey responded "no". Councilwoman Hurley asked if this would be less, and the answer was "yes".

Councilwoman Rutherford stated that we had to have someone like this, and it made sense if Mr. Taylor had been involved with this from Day One that he should continue. She stated that we certainly were not increasing his salary, and she thought this was very much in line, and she moved that the committee recommend this to the full Council. This was seconded by Councilman Franklin.

Councilman Livey stated he would support this if the Mayor thought Mr. Taylor had the expertise. He suggested a bonus for Mr. Taylor if he is able to bring the project in under budget. Mayor Kinsey stated that we might work this in.

Councilman Taylor stated he had no trouble with Rob Taylor; that he thought he would be excellent for the position. He did, however, question whether we had given adequate notice that the position needed to be filled; that it was a major concern of his that the position had already been filled, and the Council was "behind the cart". Mayor Kinsey responded that he heard this message.

Councilwoman Rutherford verified that this would be totally funded by a State Act.

Councilman Pierce stated that he raised the question; that he had no objection to Rob Taylor; that we need someone on board. He stated, however, that he did question the salary rate and how we brought him on board. He questioned how we arrived at a salary for him, questioning the salary of \$89,000. He stated that Administration were ready to defend the salary, stating that we don't have to pay social security, noting that they had prepared themselves because they anticipated there would be questions. He noted that Mr. Taylor had left RiverValley with a salary of \$62,000.00 and fringe benefits would be 25% above this; that if we kept him at his present rate, the salary would be \$79,000, and we were bringing him on board at \$89,000. Councilman Pierce stated that these things had been called to his attention; that when he looked at the salary and thought that this would be for one year at \$190,000, it "scared the hell out of him". Councilman Pierce stated that he heard one other person, Bob McNutt, would be coming on board. He stated that basically his reason for looking at the salary rate was that he thought we might could have gotten this done cheaper and questioned just hiring a Project Manager off the street and what qualifications he had to possess.

Mayor Kinsey responded that there was no doubt in his mind but that Rob Taylor was qualified for this job; that he had spent nine years at RiverValley and had expertise in Urban Design and Planning. He noted that RiverValley did get bonuses at times.

Councilman Pierce stated that Councilman Lively had just suggested giving Mr. Taylor a bonus. He stated that he did not expect to get anywhere with his questioning; that he just wanted to put this on the table, and he would continue to do this--that he would question, even though he might just be a "little voice in the wilderness".

Councilman Pierce went back to Bob McNutt; that from the information he was getting from some of the other Councilmembers, he was coming on board. He stated he missed the committee meeting where this was discussed. He stated this was another one where there was no figure given and no information as to what the real job would consist of.

Mayor Kinsey reiterated that the City has not built a building in a long time, and we have no one in City government to do this. He stated that Mr. McNutt would be at a different level of compensation.

Councilman Pierce asked what expertise we had in setting a salary for Mr. McNutt. Mayor Kinsey responded that Rayburn Traughber and his department would be doing the overseeing; that we were going to build a Development Resource Center and a Conference Center; that this had to be coordinated with the City and the County and the Project Managers were built-in project costs.

Councilwoman Rutherford asked what Bob McNutt would be doing, whether he would coordinate the building of the Resource Center and if he would work under General Services.

Mayor Kinsey responded that it would be a combination of General Services and the Mayor's Office; that Adm. Traugher would be the one to stay on top of this.

Councilwoman Hurley noted that the Resource Center was a \$12 million dollar project and she thought Mr. McNutt's salary would be in the range of \$50,000.00.

Mayor Kinsey stated that he did not know right now what the salary would be.

Councilman Pierce stated that he understood Mr. McNutt was with the University and questioned if he could handle this full-time. It was noted that Mr. McNutt is no longer with the University.

Councilwoman Rutherford asked how Bob McNutt was chosen. Mayor Kinsey confessed that he did not know.

Councilman Pierce mentioned the Project Manager for the Carousel at Coolidge Park. Councilwoman Hurley stated this had nothing to do with us. Councilman Pierce stated that he thought it was the same thing.

Councilwoman Rutherford stated she would like to know Bob McNutt's qualifications and how he was chosen. Mayor Kinsey responded that Ken Hays and he together were responsible for that.

Chairman Hakeem asked Councilwoman Rutherford if that was sufficient for her. Councilwoman Rutherford responded that Bob McNutt was not the issue; that this was not a job that he had nursed from birth like Rob Taylor. She questioned how one applies for a job like this and whether it was advertised. Mayor Kinsey stated there was a good answer for this, but he just did not have it at this time.

Councilman Franklin stated it would be good if we had more time to discuss this as far as the process is concerned; that there might be other individuals just as qualified to handle this, and they needed a fair opportunity. Mayor Kinsey agreed.

Councilman Pierce asked about property the City is acquiring in the downtown area, and he questioned the development in downtown. He asked if we were in the business of buying all excess property and developing it.

Mayor Kinsey responded that he did not think we should buy property and hold it for future development; that when we are ready to go, then we should go buy the property; that we did not need to be in the business of holding land.

Councilman Pierce stated this was something we might need to look at; that we needed private development, and the City should not be taking up the slack. He mentioned hearing rumors about appraisals.

Mayor Kinsey stated we were getting some appraisals, but we were not in the business of buying land.

Councilwoman Rutherford questioned why we were getting the appraisals. Mayor Kinsey responded so that we would be knowledgeable about the cost of land in discussing potential development.

Councilman Pierce stated we should not be in the position of the City acquiring property just because it is for sale and mentioned an incident where we were involved in owning some apartments. Adm. Traugber responded that HUD had put some restrictions on this. Councilman Pierce questioned if we were in the housing business now. Councilwoman Rutherford asked if the time was up so that we could sell these houses. Adm. Traugber stated we had been involved with this several years; that HUD had put provisions in that we could not profit.

Mayor Kinsey stated that Adm. Traugber puts a lot of time into selling property that the City owns, and he encourages him to do more of this.

Councilman Pierce stated that property needs to be on the market and give everyone a fair shake at it.

Chairman Hakeem suggested moving on to the Budget Committee meeting and coming back to the Bob McNutt issue.

The committee came back to the issue of Bob McNutt as Ken Hays was now present at the meeting. Mayor Kinsey indicated that he would love to do this at another time.

The meeting adjourned at 5:20 P.M.

