

Council Workshop
Rolla West and Parks & Rec Funding
July 13, 2009

City Council Members in attendance: Mayor Jenks, Gary Hicks, Sue Eudaly, Jimmy Dale Williams, Donna Hawley, Lou Magdits, Don Morris, Don Brown, Monty Jordan, and Stan Spadoni;

City Staff Members in attendance: Steve Hargis, John Butz, Scott Caron, Steffanie Rogers, John Petersen, and Scott Grahl;

Special Guests in attendance: Elizabeth Bax, RREC, and Mark Grimm, Gilmore & Bell

5:30 P.M. Mayor Jenks opened the meeting with a brief discussion on the purpose of the council retreat. He emphasized that this is an informal meeting and he encouraged council participation.

Rolla West

Ms. Elizabeth Bax introduced the Rolla West project. She suggested Rolla West is an investment with a tangible return for the City of Rolla.

After the opening presentation Mayor Jenks commented that MODOT is currently working with another group of MO cities to build a new four (4) lane highway 54 corridor from Hannibal to Lebanon. Ms. Bax confirmed that funding is always an issue with MODOT and suggested community cooperation is essential.

Mr. Steve Hargis began discussion on the Hwy 72 extension (handed out maps for explanation). The project proposes that Ridgeview will extend from Walker St. west to a new roundabout behind the old K-Mart building with extensions to Bridge School Road and Bryan Dr. (the latter being the new primary access for the S&T Tech Park).

Capital Improvement District (CID) financing was briefly introduced. A handout identified the preliminary boundaries of a proposed CID. Mr. Hargis indicated a ½ cent CID would provide over \$600,000 per year for project funding. Mr. Hargis reviewed the proposed phasing of the improvements starting with a new extension into the S&T Tech Park in conjunction with development plans from McDonalds and Fairgrounds Chevrolet, both of whom eagerly support the project (donation of right-of-way). Discussion took place on construction cost projections – in-house construction and fully contracted construction.

Discussion took place on storm water improvements in the Rolla West area and Tech Park. Mr. Hargis also reported that MoDOT is willing to contribute new relocated traffic lights from Fairgrounds Rd. to the new Bryant Dr. extension into the Tech Park (funding in 2010). MoDot was willing to participate as moving the traffic lights further east will provide better circulation on the Kingshighway interchange.

The Ridgeview Extension project becomes more expensive and complex from Walker St. west to Kingshighway and Bridge School Rd. due to the cost of right-of-way. Mr. Hargis reported the bridge over the railroad tracks will also be complex (dealing w/ the RR). The proposal is for a pre-cast structure that would be more cost effective. A discussion took place regarding the effectiveness of in-house work versus contractual labor and if the in-house labor would slow down the street improvements in the City. Mr. Hargis indicated existing road improvements would be slowed down to accommodate for the development project if done in-house. Mr. Hargis explained that maintenance would continue to be at

the top of the list. City Council reiterated their commitment to upgrading existing streets rather than delaying upgrades for a 3 – 4 year period even if it meant more costs or CID funding.

Mr. Hargis pointed out that when MODOT puts money into the project part of the agreement would be that the City would take over maintenance of the Kingshighway right-of-way and signal maintenance. The last phase of the work reviewed was the construction of the 5th interchange. Mr. Hargis reported that if the application was submitted soon it would still be 2014 or 2015 before State funds would be available.

Mark Grimm, Gilmore & Bell, reviewed a memo distributed to Council with details on public financing for Rolla West. Mr. Grimm discussed the details of a CID. He indicated CID's are created by a petition signed by property owners. It is a separate district (governing authority) from the City. City Council would approve the formation but once approved it becomes a separate legal entity. Some of the issues discussed were: how to figure out if there are registered voters and what the long range plans on the project are. A CID can only spend money on improvements within its boundaries. Mr. Grimm explained that it is not easy to expand the boundaries.

Discussion took place on the limits of CID financing (a max of 1% sales tax with no statutory limit on the term of same). Mr. Grimm said the maximum term he has seen is 25 to 30 years which is ultimately determined by the bond market. A question was asked on the logic of the proposed boundaries. Mr. Grimm said it is a large undertaking to contact all property owners so typically communities try to limit the boundaries of the district. Mr. Butz suggested the proposed area focuses on sales tax generating properties which would benefit from the improvements. Mr. Butz indicated potentially affected property owners have not been contacted until City Council was comfortable with the proposed project and CID district.

Based on current revenue projections the proposed district would generate \$625,000 on a ½ cent overlay district. Another option would be to do a 3/4 % or 1% sales tax to increase revenue and decrease the time of repayment.

A question was asked about the district formation and board. Mr. Grimm explained that the formation petition would be specific on what improvements would be done and how the money would be used. More discussion took place on the CID area and possible businesses included in the boundaries.

Mr. Butz and Mr. Hargis suggested the bond (district) term could be 15 to 25 years but that detail was not yet confirmed.

The Mayor clarified that staff is looking to complete the work on the Hwy 72 extension and Kingshighway/4th interchange improvements in the next 3 – 5 years. Then when the 5th interchange develops we could expand or create another CID to provide a cost-share application w/ MoDOT. General conversation took place on the CID development and the 5th interchange. Mr. Hargis reported the City's cost share of the 5th interchange would be \$5 – 6 million. As the area develops, the City limits will be extended to include the 5th interchange.

Council members commented that they liked the premise of phasing the project in over a number of years. Mayor Jenks suggested the City should focus on what the final outcome needs to be. It was asked if a CID can terminate (end early) once the dollars needed were generated. Mr. Grimm affirmed that yes, in a CID improvements are identified and the tax ends once the improvements are completed.

Councilwoman Hawley asked if the City could exempt the CID tax on food. Mr. Grimm indicated he did not think the legislature has given cities the option to exempt food but offered to research same.

It was suggested that perhaps the City needed to compress the timeline for the projects because of the economy. The bond and construction costs are likely cheaper now and will only increase as the economy improves.

General conversation took place on the State funding and cost share program. Ms. Bax suggested the City could do the State cost-share application with a contingency plan on formation of the CID. Mr. Butz suggested the City should retain legal and financial expertise to assist in the formation of the CID. It was suggested that it would be helpful to run some financial scenarios, to plan out financing alternatives, and to refine a feasible construction schedule.

Mr. Butz asked for feedback from City Council on the direction to proceed. Ms. Bax asked for permission to start an RFP process for legal and financial advisory services. The Council was supportive of initiating same as long as City Council had the final approval.

In summation Mr. Butz reviewed MODOT's commitment to the project. MODOT is currently updating the environmental impact statement and the highway access justification study (\$150,000 value) for both the Kingshighway interchange and the proposed 5th interchange. They are also doing preliminary design on the projects all of which should be completed by the end of the year. MoDOT has also committed to replacing and relocating the signal along Kingshighway at Fairgrounds Rd. to the proposed Bryant Dr. extension to the S&T Tech Park in 2010. Lastly MoDOT has agreed to cover the cost of improvements/upgrade to the Kingshighway interchange in 2013 (estimated at \$1.6 M). General discussion took place on the State cost share program. MoDOT has suggested that if the City considers a formal application for the cost-share program in 2010 it is possible to secure State funding as early as 2014. Final approval on all State cost-share programs is the determination of the Highway Commission.

Mr. Butz indicated staff would like to draft development agreements with McDonalds, Fairgrounds Chevrolet and Missouri S&T for the Bryant Dr. extension for Council to review in late August or early September. The City would also like to do a change order on the recent HNTB contract to begin working through the RR bridge issue including preliminary design costs for the bridge structure (est. cost of \$25,000). Staff would also like to begin the public dialog needed to consider the proposed CID once appropriate consultants have been retained. Staff will follow-up on all matters with City Council on all of the elements of the 72 extension. Some of the discussion regarding property acquisition for the proposed roadway extension would likely need to be done in executive session.

General discussion took place on public notification for the highway 72 project. A suggestion was made that staff should have a well put together communication plan to address public concerns. It was suggested that all 12 members of the council need to be on the same page and have the same communication information to provide the public and to go forth with a plan of communication.

Park Funding Issues

Mr. Butz then opened discussion on the parks sales tax issue. An overview was given on the current parks and recreation funding. Mr. Caron gave an overview of the existing rec center (park) sales tax. The sunset is December 2013 and the ballot promised to renovate the existing pool and to construct a new gym, walking track and indoor recreation center. Mr. Caron reviewed the tremendous advantages

and assets of SplashZone and the Centre but also discussed the structural challenges the Centre faces as far as meeting the goal of a 100% cost recovery operation. He pointed out that the indoor pool is a very expensive element of the Centre. In addition the Centre was specifically constructed to limit the amount of fitness, weights and cardio space which tends to be the primary revenue producer for indoor rec centers. The real challenge is that the park sales tax is set to expire in 2013. With that in mind the Council established substantial reserves to be built by the existing sales tax (projected to have \$6 – 7 M by 2013) at a time when park system improvements and outdoor recreation receives no additional funding and consequently has seen few improvements. The goal of achieving the desired 100% recapture rate is theoretically feasible by increasing revenues or cutting services but the impacts would be extreme (substantially higher fees thereby reducing utilization and limiting access or dramatic cost-cutting measures such as closing the indoor pool).

General conversation took place on the operations of the Centre. It was pointed out the original model did not anticipate the \$100,000 transfer back to General Fund (does not affect the recapture rate but does come from excess sales tax revenue), fitness space was limited so as not to unfairly compete with local fitness businesses, and PCRMC's financial support has been reduced over the last several years (specifically funding on the therapy pool). Mr. Caron agreed and expanded on each. Mr. Butz suggested Staff would like to begin the process (grass roots) of going back to the voters for a permanent extension of the park sales tax and if possible at a reduced rate/levy and to apply the tax proceeds to the Centre, SplashZone and the park system as a whole. Mayor Jenks reminded Council that the General Fund currently subsidizes the Park Fund of \$400,000 – \$450,000 per year and that by addressing a long-term revenue stream for Parks would free up those funds to expand public safety services.

Mr. Butz briefly reviewed the packet of information on the recreation center and the park system. It was suggested that Council review the information for further consideration. Staff would also like to proceed with the formation of a Park Funding Review Committee and it was suggested to bring the formation of same back to Council for formal consideration. Councilman Magdits suggested the proposed committee be given a shorter period of time (2 to 3 months) to present a report to Council. A question was raised if senior services should be included in such an effort. While there was considerable interest in expanding senior services it was suggested that perhaps that should be independent of the park sales tax issue.

There being no further business to discuss the meeting adjourned at 8:19 p.m.

Minutes prepared by Finance Director Steffanie Rogers.

CITY CLERK

MAYOR