

June 2019 Special Called Work Session Summary

Discussion of the Fabric Developers Response to the Request for Qualifications (RFQ) to Develop Commercial Portion of City-Owned Four Acres

City Manager Bryant recapped staff's recommendation to the Board of Mayor and Commissioners (BOMC) from the last work session – to negotiate directly with the [sole respondent to the RFQ, Fabric Developers](#). He also suggested contracting with the Bleakly Advisory Group to conduct those negotiations on the City's behalf and do any financial analyses of the project. He noted that Fabric's response to the RFQ was just a concept and is only to show they are qualified for the job. A summary of the the process through the establishment of an Urban Redevelopment Plan and Urban Redevelopment Agency was given as well. The discussion that followed touched on placemaking and the BOMC's commitment to that. The group talked about some of the items Fabric listed in their cover letter (page three of the RFQ response), such as turn lanes. Mr. Bryant said that since the costs of some of the items listed is currently unknown, it will be difficult to talk about them in detail. As a result of initial negotiations, Mr. Bryant wants to find out about the costs associated with the project, future revenue generated, potential incentives, and craft an early draft of a development agreement. Mayor Elmore turned the meeting over for public comment.

Discussion of the Establishment of an Urban Redevelopment Plan (URP) and Urban Redevelopment Agency (URA)

Mr. Bryant mentioned this has been discussed recently and said this is the path recommended to the BOMC by hired financial consultants, The Davenport Group, as a way to finance capital improvements. The process would involve the City getting a Bond Anticipation Note (BAN). The City would first need to establish an [Urban Redevelopment Plan \(URP\)](#) which is required to create an Urban Redevelopment Agenda (URA). The projects include the downtown town green, the Lake Avondale North Woods storm water project, the retention pond near Kensington Road, a storm water master plan, and the Laredo Drive intersection redesign. The two URPs – one for storm water and one for downtown development -- are ready for a vote at the next meeting on June 13th, Mr. Bryant said. The URPs would be adopted by the BOMC and defines an area that could benefit from funding through the URA. In addition, the URA is established by the BOMC and Mr. Bryant recommended that members of the BOMC also serve as the URA. The URA would issue the BAN and execute the projects under the BAN. Mr. Bryant said any amendments to the plans must be done in a public meeting. Commissioner Laratte discussed what he has read about URAs in other states. There was discussion with bond attorney Terri Finister about that and how the URP gives the framework for how the URA operates. Mr. Bryant reiterated that staff recommends voting to create the URA at an upcoming meeting on June 13th. The risk of not doing so would mean starting over, he added. Mayor Elmore turned the meeting over for public comment.

Discussion of Capital Project Timeline & Funding Options

City Finance Director Paul Hanebuth gave a PowerPoint [presentation](#). He gave best case and worst case scenarios for financing. Borrowing the most with a high interest rate would cause annual debt service payments of just under \$600,000. Mr. Hanebuth explained how the City has about \$723,000 per year available for capital projects. Adding in storm water funds increases that amount to about \$837,000. Therefore, the City already has revenue to cover debt service. He talked timelines, particularly in reference to financing the US 278 project and storm water. A graph was shown to give an example of how debt would gradually increase since money would only be drawn as needed. A more likely scenario, he said, is an interest rate of 3.5% with an annual debt service of about \$425,000. Mr. Hanebuth illustrated calculations showing that there is a cost to not borrowing money for the projects because of inflation over time. There was discussion about these figures only using historical data and not including funds produced by projects like The Willis and potential TAD revenue. Mayor Elmore turned the meeting over for public comment.

Discussion of Bleakly Advisory Group's Proposal to Assist City in Development Negotiations

Mr. Bryant explained this is a two-phase [proposal](#) but the phases are interwoven. If the BOMC votes to accept the proposal, Bleakly projects about 80 hours spent on the project at a cost of \$14,800. Mr. Bryant said the proposal can be considered for a vote at the June 13th BOMC public meeting. City staff recommended moving forward with Bleakly. There was discussion about Bleakly's scope of work and what would be included. Mayor Elmore turned the meeting over for public comment.