

JOURNAL OF COMMISSION WORK SESSION
October 3, 2017

City Commission Work Session
Civic Center, Gibson Room 212

Mayor Kelly presiding

CITY COMMISSION MEMBERS PRESENT: Bob Kelly, Bill Bronson, Bob Jones, Tracy Houck and Fred Burow.

STAFF PRESENT: Deputy City Manager Chuck Anderson; City Attorney Sara Sexe; Fiscal Services Director Melissa Kinzler; Planning and Community Development Director Craig Raymond; Public Works Director Jim Rearden; and, Deputy City Clerk Darcy Dea.

**** *Action Minutes of the Great Falls City Commission. Please refer to the audio/video recording of this meeting for additional detail. *****

1. **CALL TO ORDER:** 5:30 p.m.

2. **PUBLIC COMMENT**

There were no public comments.

3. **MCKINSTRY UPDATE**

Planning and Community Development Director Craig Raymond reported that the projects McKinstry are looking at include: Civic Center, Parking Garages, Police Department, Fire Department, and Library. Present from McKinstry were: Project Manager Karen Hedglin, Operations Manager Jeff Davis and Business Development Director John Dolan.

Project Manager Karen Hedglin reviewed and discussed a PowerPoint that included: results from energy projects; deferred maintenance; and code associated issues. She explained that the PowerPoint included a spreadsheet with the following information: identified project; description of work; facility; budget for design and construction; annual utility savings; annual operational savings; simple payback calculation; potential incentives.

Mayor Kelly received clarification that McKinstry provides guaranteed maximum prices for projects, and that their “hit or miss” rate is good based on their years of experience throughout the State. With regard to the spreadsheet, Mayor Kelly received clarification that the actual savings generated are based on the existing utility rates under the current contract.

Project Manager Hedglin explained that the savings will be better once the actual data is collected from the data loggers that were left on equipment.

Commissioner Houck received clarification that spring and fall are more difficult seasons to capture data with data loggers.

Mayor Kelly inquired about how McKinstry gets paid, and if it gets more expensive for the City as more projects are done.

Project Manager Hedglin responded that McKinstry is a design, build contractor, and that they have to disclose its overhead, profit, and fees to the State. She further explained that all of the fees are built into the budget as one.

Deputy City Manager Chuck Anderson received clarification that the budget pricing at this stage goes down, however once McKinstry receives a better design and bidding from multiple sub contractors, the utility savings goes up due to the data logging that was done on the equipment.

Commissioner Houck received clarification that municipalities could receive loans through the following: local banks; State Board of Investments; combination of own funds as well as a loan. Project Manager Hedglin explained that McKinstry does not provide financing.

Mayor Kelly received clarification that cash flow, as well as measurement verification are used with regard to the simple payback average.

Commissioner Houck received clarification that breaking large projects into phases is a way for cities to accommodate in their budget for future projects.

Mayor Kelly received clarification that federally mandated benefits would remain once going forward with a project.

Director Raymond received clarification that other funding sources could be used to accomplish projects such as: entities that have investments could lend money to themselves; as well as performance contracting.

Mayor Kelly inquired if Planning and Community Development has reached out to other entities in the City with regard to their experience with McKinstry.

Director Raymond responded that he hasn't heard anything negative or cause for concern.

Commissioner Burow commented that utilizing McKinstry's proposal is a way to catch up on deferred maintenance, and noted that it should include as many projects as possible if there is a guaranteed payback.

Commissioner Jones commented that projects with regard to having personnel safety issues should be dealt with first. He further requested that a list of projects with priority, instead of by departments, be provided.

Commissioner Bronson commented that the same principles used in the private sector could be applied to the City.

Commissioner Houck inquired about deferred maintenance with regard to the parking garages, and further requested funding for installation of better lighting in the parks.

With regard to park lighting, Director Raymond responded that the first proposal was too high to bring the contract to the Commission for approval and noted that working out a contract amendment could be looked into.

Mayor Kelly received clarification that running into unknown conditions once construction begins, missing the energy guarantee, and measurement verification are risks that McKinstry could run into.

Deputy Manager Anderson received clarification with regard to the spreadsheet indicating whether individual projects are energy deferred maintenance or code issues.

Director Raymond reported that the Commission needs to be aware of code issues with regard to some of the facilities. Director Raymond further reported that negotiating energy purchasing, as well as utility rates are something to be proud of.

Commissioner Houck received clarification that projects with the biggest needs have been addressed.

Mayor Kelly commented that McKinstry's proposals look like a great financing tool and opportunity to save money. Mayor Kelly requested that the cost of funds for the loan be looked into before recommendations with regard to which projects to go forward with.

Project Manager Hedglin reported that once a decision is made with regard to which projects to move forward with, the best time to get good sub-contractor pricing is within the next three to four months.

4. DISCUSSION OF POTENTIAL UPCOMING WORK SESSION TOPICS

Deputy Manager Anderson reported that the next work session will consist of a Sanitation Rate Review and a 2018 Quarterly Budget Review. Future pending topics will include a River's Edge Trail update and proposed changes to the CDBG program.

Commissioner Burow requested a proposed Park District update be added to a future topic list.

ADJOURN

There being no further discussion, Mayor Kelly adjourned the informal work session of October 3, 2017, at 6:40 p.m.