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## Finance Committee Summary

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Wednesday, April 4, 2007

1:30 p.m.

3<sup>rd</sup> Floor Council Conference Room

**Committee Members Present:** Faatz, Chair; Brown, Vice-Chair; Boigon, Lehmann

**Other Council Present:** Hancock, Linkhart

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*Agenda:*

- 1) *Arthur J. Gallagher, Inc. contract – 2007/2008 broker services*
- 2) *Westwood Community Center supplemental*

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**1) Arthur J. Gallagher, Inc. contract – broker services/2007 insurance renewals:**

Committee Action

The Committee approved a three-year broker services agreement with Arthur J. Gallagher, Inc., to provide brokerage and consulting services for the City for a total contract amount of \$571,816.50 and allows for a 3% increase in the second and third years, beginning May 1, 2007.

Committee Discussion

Ray Sibley, Risk Management, explained that a request for proposal process was initiated for these services and four responses were received. The selected contractor provided competitive pricing over three years showing a savings of approximately \$100,000 over that period of time. He added that the insurance market is flat, and due to market-driven circumstances, the City will experience a one-time premium credit from its insurance company.

**2) Westwood Community Center supplemental:**

Committee Action

The Committee approved a supplemental in the amount of \$258,000 for the reconstruction of the Westwood Community Center. The expansion includes a new structure that will bridge the old health care center building and the Sandos gymnasium to create additional functional space for community-based services. Councilmember Faatz did not support the proposed supplemental.

Committee Discussion

Mel Thompson, Budget & Management, indicated the supplemental request for Westwood Community Center is the first in 2007. The supplemental funds will come from the capital improvement fund. The current fund contingency balance is \$825,000.

Dick Gillet, Jacobs Facilities, indicated the Westwood Community Center is part of the 1998 Neighborhood Bond Program and that the completion of the project has been delayed since 2005 due to budget challenges and additional funding that was required to cover asbestos removal costs. Alfredo Esguerra, Jacobs Facilities, indicated that in 2006 when the demolition process began, the contractor discovered additional asbestos on site, which increased the costs. In addition, the Fire Department indicated that a sprinkler system was required in the gymnasium, and that provision was not included in any planning phase, which increased the project costs as well. Mr. Esguerra explained that the supplemental includes a new structure that would bridge the old health care center building and the Sandos gymnasium. Committee members questioned why the sprinkler system was not included in the planning and why has there been a long delay in completing this project.

Mr. Gillet explained that the required sprinkler system was an oversight. Stu Williams, Public Works, indicated the Westwood project was held early in the design phase because the City couldn't decide whether the site would become a recreation center or library; and it was only three years ago when the decision was made to convert the property into a community center. There is consideration for South West Improvement Council (SWIC), a non-profit agency to lease the facility to provide community services. Jan Bell, SWIC, said the organization is negotiating with the City an opportunity to establish a lease purchase agreement, including the possible purchase of the center in 2008 for a minimal amount (\$10). Councilmember Faatz said she has concerns with the City paying millions from its budget for this project and then selling the asset for \$10.

Councilmember Faatz explained she supports the community services that the center provides, but does not approve of cost overruns, and noted this was the third supplemental request for the project. The Councilwoman indicated she suggested to the Mayor's Office that other creative strategies, such as private funding through naming rights, be considered to pay for the increased costs, instead of placing the burden on the taxpayer. To her dismay, she felt the Mayor's Office disregarded her concerns and her suggestions. Councilmember Lehmann indicated that SWIC would provide much needed programs for children in the southwest area communities, but agreed that the Administration could raise private dollars for these types of projects. Councilmembers in attendance agreed, but did not want to delay this project because the neighborhoods in this area desperately need the services that are provided at this site. Penny May, Mayor's Office, indicated there was some discussion regarding alternative funding, but no one has approached the Mayor's Office; and the Mayor would like to see the approval go forward. The Committee approved the supplemental, except for Councilmember Faatz. She would like the Mayor's Office to consider creative financing in the future. The Councilwoman will reschedule to a future meeting an update on the 1998 Neighborhood Bond Project.