

CITY OF TUCUMCARI
CITY COMMISSION
Special Work Session Notes
May 12, 2015

The Tukumcari City Commission met in a special work session on Tuesday, May 12, 2015 at 4:30 p.m. in the City Commission Chambers. Members present were John Mihm, Ruth Ann Litchfield, Robert Lumpkin, Amy Gutierrez and Rick Haymaker.

City staff members present were: Jared Langenegger, City Manager; Doug Powers, Assistant City Manager; and Angelica M. Gray, City Clerk.

Guests: Richard Primrose, County Manager; Pat Vanderpool, EDC Director; Franklin McCasland, EDC Board Member; Mike Hicklin, EDC Board Member; and Phillip Box, EDC Board Member.

Discussion of Contract Between the City of Tukumcari and Tukumcari Greater Economic Development Corporation

Mr. Langenegger stated that he thinks everyone has seen the Agreement. He stated the agreement expires in June. Although he thinks EDC is needed, he would like to see the following changes to the Agreement as far as EDC.

Mr. Langenegger stated he would like the City to be provided with statistical information to the City on a regular basis regarding the economic base jobs we have, the non-base job rates, employment rates, and available properties we have. He would like these in a quarterly report of the information necessary to present to people who are willing to come to Tukumcari. Although he thinks we have this information now, it is just not compiled in a report.

Mayor Lumpkin stated would like EDC to maintain contact with large employers and have open communication. We have employers who are moving and closing doors and he thinks as best we can, we need to keep contact with them to keep them here or prevent them from having issues where they close their doors.

Mr. Langenegger stated in the ordinance it talks about a JPA with other local governments for regional economic development plans; this is something to look at.

Mr. Langenegger would also like to see more emphasis on tourism as EDC. In addition, he would like to see emphasis on alternative sources for funding such as grants to bring new businesses to Tukumcari.

Mayor Lumpkin agrees that Tukumcari needs EDC. He stated there have been times, for example, the wind turbine project and our pursuit of the landowners association and the renewable energy and symposiums; he received great help from EDC.

He stated there have also been times that as a commissioner, he does not know what's going on with EDC. He understands that EDC has the right to not be totally transparent. However, he feels if a new organization wants to come to Tucumcari and needs discretion and you don't want to advertise their business plan for the competitors, or for monetary issues, he feels the discretion is needed. However, he does not see a total transparency of the budget would be impossible.

Mayor Lumpkin stated when he was confronted on this issues from a news reporter in Amarillo, he found out the budget was \$120,000 and found out earlier that there were \$200,000 of CD's that was spent.

Mayor Lumpkin stated he is not opposed to renewing this contract, maybe not for four years, but he would like to see an addition discussing transparency that states the City understands there are discretionary needs but then full disclosure of public money coming in and being spent he does not think it would infringe on attracting businesses to Tucumcari.

Mayor Lumpkin stated he was enlightened that EDC is EDC and they do not work for the City but works for the EDC board, which he was not on the board at that time.

Mayor Lumpkin would like more objectives in regards to trips taken by EDC. He would like to see the money spent on a trip as an investment and see what the investment brought the citizens of Tucumcari.

Mayor Lumpkin would also like more detailed accounting and also be more of the planning as a commission, not as an individual.

Mayor Lumpkin stated he would also like to see control over task orders. He thinks helping the local people is a good objective.

Mayor Lumpkin stated that the budget was so vague at one time. When he questioned the budget he was informed that EDC was \$20,000 over budget for the last six years and he thinks the commission should have a report of some kind that shows these things.

Mayor Lumpkin stated the bottom-line is, is the City of Tucumcari getting their monies worth and as a commissioner he does not know the answer.

Mayor Lumpkin stated he is looking for alternative funding which could create activities and possibly create jobs in Tucumcari.

If the City and EDC could come up with the additions he would consider a one (1) year contract instead of a four (4) year contract.

Mr. Langenegger stated that page 3 paragraph K of the Agreement "Provider shall make written accountability reports to the City on a quarterly basis. These reports shall include, but not necessarily be limited to: information on Provider's activities hereunder and accounting of the use of funds provided hereunder. Provider shall be available to meet with the City Commission on a quarterly basis to discuss those reports." He stated part of this should be amending this part

of the contract but also working with developing what format we expect these reports to be in along with the exact information we expect.

Mayor Lumpkin stated if we have some problems with getting this report together properly, and it would take us longer than we have to meet the June 1st deadline, what happens to EDC. Mr. Langenegger stated it would still exist, however; it would be partially funded.

Mr. Primrose, President of EDC Board, stated if it would not be extended for a period of time, would the City be able to make payments to EDC without a contract. The commission believes that would not be possible. Mr. Primrose stated it would be partially funded unless the City had a contract in place. Mr. Langenegger stated it would be possible to have a one month extension to the current agreement. He doesn't see an issue with a month to month extension however, he would have to check with the city attorney.

Mr. Mihm does not think it is a problem with structured reporting. As far as goals and objectives, we can have aspiration to the same type production we are doing currently. He stated our current projects have yet to show profitability at this point in time, however; they are all in their infancy. He is sure Mr. Vanderpool would track, but there has not been a quarterly since then to really track what the progress on the two projects that have already been funded. As far as the transparency on the finances, he does not know, however; the finances are fairly simple because of the City is the escrowing agent for the monies that is generated through the GRT. Mr. Langenegger stated with the exception of the \$58,000.00 that the City puts in. Mr. Mihm stated that is essentially absorbed by payroll and office function of EDC.

Mr. Vanderpool stated the annual finances are always provided. He added that the City Manager and the Mayor are on the EDC board and they always see the financials every month. He stated Mr. Langenegger has copies of his two books of the minutes that go back to two years along with financials and the annual financials are in those books. He stated it is not a problem for the City commission to see those finances. He added that is one of the reasons why we have the City Manager and the Mayor on the EDC Board so they can see those on a monthly basis; there is no covert activity in terms of those financials.

Mr. Vanderpool also responded to Mayor Lumpkin's comment regarding the ethanol funding. He stated he made that presentation in December or January to the commission and we provided the report for all that expenditure going back to the day he started in 2007. Mayor Lumpkin clarified that it was one of the different ways that revenue was coming in to EDC budget and it was property that was sold; he does remember those reports.

Mayor Lumpkin asked what if someone else other than a commission would ask for those reports. Mr. Vanderpool stated that EDC is a non-profit corporation and there has been a finding by the city attorney that those documents are private to the corporation. Mr. Vanderpool stated the city attorney's opinion is that that information is confidential until the project is approved then the supporting documents become public.

Mr. Vanderpool stated his assumption is the quarterly reports along with annual financial reports are public records.

Mr. Vanderpool stated in regards to the statistical analysis he thinks it is important to spend more time doing that. He does not think it is prohibited for EDC in terms of huge consumption of time. It is not something they have put in the quarterly report however he thinks they can provide that.

Mr. Vanderpool said he has been working on a website for quite some time.

Mr. Mihm stated as far as the tracking and accountability on the structural as a quarterly report, he thinks if they could sit down and hammer out the information they want to hear, which is compiling data from local businesses. Mr. Vanderpool stated the only challenge we have is we have to be careful with disclosing any information that would single out an employer. What federal law requires industry classifications because they don't want an individual's business information available and therefore, we would have to do it within those guidelines.

Mayor Lumpkin asked Mr. Vanderpool about making them more available to larger businesses or all businesses, periodically, to offset future problems with closing the door. Mr. Vanderpool stated each case is different. He feels that he should have had more communication with Kodiak however; based on the conversations he had with them today, he does not know bases on these conversations, if we could have done anything different because there are things beyond our control. In regards to Alco, that was a decision that was made nationally. He stated we need to figure out which business we have access to and have those conversations with them.

Commissioner Mihm stated EDC's job is to continually bring business to town. If there is an opportunity for EDC to intercede to not lose business then he understands that but the ultimate goal for EDC is to bring business. He stated EDC is the liaison for the City.

Commissioner Mihm stated if there is more things out there that we can procure for funding in addition to what we are doing, to entice and make a better product out of Tucumcari for a potential business. He stated if we can find a way to procure monies, and the City can escrow the funds to sweeten the pot and look at larger businesses to Tucumcari.

Mr. Vanderpool stated if we had a 40,000 sq. ft. building, which we do, if we had \$5,000,000 and guarantee a workforce of 300 people we would be in like flynn. He stated what we have to do is respond to the cost of business built to suit, and workforce training by utilizing Mesalands. He stated in some cases that may be good enough.

Mayor Lumpkin stated as a former teacher, he is in contact with many of his former students and their thoughts are they would be in Tucumcari in a heartbeat if the jobs were here.

Commissioner Haymaker stated he would like to go through the agreement with EDC line by line. He stated he is inclined to go for a shorter length in regards to the term. He would like to see a two year agreement.

Mr. Langenegger stated that any changes made will need to be approved by the city attorney.

In regards to the EDC Agreement, Paragraph 7. Provider's Duties Hereunder, subparagraph a, c, d, e, f, g, j, n, and o shall remain the same.

In regards to paragraph b, Mr. Langenegger stated it does not mention funding. Commissioner Mihm stated that paragraph k mentions funding. However, it does not directly mention escrow funds pulled out from the City of Tucumcari. Commissioner Mihm thinks paragraph b should include funds dispensed from the escrow amounts from the City.

Mr. Hicklin stated there should be a statement added that includes EDC may provide funds if no other private or public funding is available. He wants EDC funding to be the last resort for funding.

In regards to subparagraph h, Mr. Langenegger stated this happens through presentation to the EDC board. He stated personally he would like the City Manager to review it before it goes before the EDC board.

In regards to subparagraph i, Commissioner Mihm asked if Mr. Vanderpool would like this to be reviewed by the city attorney first. Mr. Vanderpool said it would be the City's choice.

In regards to subparagraph k, Mr. Langenegger stated he would like to clarify how the report is structured and possibly have an attachment to the agreement. He would like the City to get the same information every year. Mayor Lumpkin asked Mr. Langenegger to work on this change and get back with the commission.

In regards to subparagraph l, Mr. Vanderpool stated the provider is EDC, which is the Board. He stated it would not just be quarterly reports provided to the commission. It should be a planning meeting in terms of setting goals for the coming year and establishing the plan of work.

Mr. Langenegger stated the monthly meetings are great however, he does not think the monthly meeting is the place for commission to discuss the agreement. He thinks they need to have a separate meeting, possibly a work session if needed.

In regards to subparagraph m, Mr. Vanderpool stated the accounts review report, is the year end financials. He stated an audit has not been done however; they do the annual financial review, which is provided by the financial analyst. Commissioner Gutierrez thinks an audit should be performed as some point. Mr. Langenegger stated he will look at the requirements. If it is not required, it will be an additional cost. He stated he could possibly get a quote from Griego Professional Services. Mayor Pro Tem Litchfield thinks auditor should be out sourced and not internal.

Mayor Lumpkin stated that he thinks that 7A should read as follows "shall provide a full range of economic development services, goals, and objectives".

Mr. Langenegger stated the goals are not necessarily what the City is working on but rather what the Board is working on.

In regards to subparagraph c, Ms. Vanderpool stated they do need to start getting the infrastructure reports.

In addition, Mike Hicklin stated there is no sunset clause dates and they have no idea what commitment EDC is committed to participate in funds that should have been carteled five or six years ago that we are still paying. He thinks it should be clearly spelled out when something will be sunset and finish because it helps them with their planning and projections as well.

In regards to subparagraph d, Mr. Vanderpool thinks this reflects on going after other funding.

In regards to paragraph 9, Compensation, Mr. Langenegger stated that \$58,000.00 is a big portion of what we get in for that 1/8thcent gross receipts tax. He stated increasing the budget also decreases LEDA funding.

There were no changes or additions to Paragraph 10, 11A, B, C, D, E, F, G, H, I,

Commission adjourned at 6:11 p.m.

Submitted by:

Angelica M. Gray
City Clerk