



December 21, 2017 Council Work Session

**Savannah City Government
SUMMARY/FINAL MINUTES
COUNCIL WORK SESSION &
CITY MANAGER'S BRIEFING
December 21, 2017 – 10:00 a.m.**

Present: Mayor Eddie DeLoach, Presiding

Aldermen: Carol Bell, Julian Miller, Brian Foster, Van Johnson, II (arrived at 10:25 a.m.), Tony Thomas, Bill Durrence, John Hall, Estella Shabazz

Rob Hernandez, City Manager

Brooks Stillwell, City Attorney

William Shearouse, Assistant City Attorney

Jennifer Herman, Deputy City Attorney

Mayor DeLoach called the meeting to order.

City Manager Hernandez welcomed everyone and gave a brief overview of what would be discussed.

Bret Bell, Deputy Assistant to the City Manager, gave a a brief overview of upcoming City Council Work Sessions. At the January 4, 2018 Work Session, the Local Preference Ordinance will be on the agenda. Council has signaled a desire to strengthen and change the Local Preference Ordinance to provide more of a focus on local vendors. In addition, Chatham County expressed their interest in meeting to give an update on their various partnerships with the City of Savannah.

On January 18, 2018, there will be a presentation on proposed changes to the Tour Services Ordinance and Alderman Johnson has requested to make a presentation to Council on a proposal addressing marijuana and its potential decriminalization. Lastly, there will be an update on Saint Patrick's Day from 2017 and looking ahead at 2018.

On February 1, 2018, there will be an overview on SPLOST regarding where the program is currently, the communication plan and ways to get the information to the public. Lastly, there will be an overview of the WorkSource Coastal program

Alderman Miller asked if this information will be sent in an email. Mr. Bell replied yes.

Alderman Miller stated as it relates to the marijuana issue, he has asked several times for a position statement from Chief Lumpkin and the District Attorney's Office. Mr. Bell stated both along with Sheriff Wilcher have been asked to attend the January 18th workshop.

Mr. Bell concluded stating the schedule is subject to change.

Workshop Agenda Items

[1. Arena Development](#)

 [Final Workshop Presentation - Arena Project Manager 121917.pdf](#)

Pete Shonka, Executive Director of Arena Development, appeared to provide an update on where staff is with the project and discuss the selection process on the Council agenda today for a management partner for this very important project. Mr. Shonka stated the arena project will be the largest and most expensive capital project the City has ever constructed upon completion. The budget will be \$140-\$160 million. The size alone warrants some project management assistance as it is a very complex project. City staff is recommending that Council award a contract to Jones Lang LaSalle Americas, Inc. (JLL). The City received seven responses to its request for proposals (RFP) from nationally known arena construction management experts. Staff felt like nearly any of these firms could do the work. Dan Barrett Sports advised staff during the process. The initial M/WBE participation goal was calculated based on the activity codes for the project which was 7%. The RFP was then amended to have an open goal with the highest participation receiving the highest score. JLL has proposed an M/WBE participation of 30%; the MBE local participation is 25% and the WBE local participation is 5%.

The selection process consisted of a panel of 5 City staff members; all proposals were reviewed; and interviews were conducted of all proposers. During the interview process there were discussions about the respective budgets for the project. Staff went back and clarified what was needed and requested best and final offers from the proposers. Proposals were evaluated and graded according to what was submitted in writing, the interview, what their fees were and their participation level in minority and women owned business.

Dan Barrett, Barrett Sports Group (now CAA ICON), appeared stating he has been in the sports industry for approximately 27 years. The team still offers the same services with more resources. They work throughout the US, Canada and Mexico on projects. They work with the major and minor league, and collegiate facilities. The primary objective was to look at the feasibility of the project and look at site considerations and a cost estimate.

Mr. Barrett stated the major feasibility tasks which were completed consisted of an analysis of the demographics of local and comparable market areas which include the 15 markets that are immediately larger and smaller than Savannah; an analysis of the facility characteristics of competitive facilities locally as well as regionally; an analysis of the performance of comparable facilities; and they evaluated the performance of facilities in comparable markets.

Alderman Thomas asked for a breakdown of the areas that were included before Mr. Barrett moved on, and if the low country of South Carolina was included. Mr. Barrett replied they typically look at twenty and thirty mile rings around the arena site and thirty minute drive times as that is how far most people will typically drive for an event. Alderman Thomas stated he wanted to be clear that the ring does not stop at the state line. He stated he is aware of some things that are occurring in the Beaufort and Jasper area and the 2020 population prediction for this area is 400,000 according to Mr. Barrett and those numbers do not add up to him as he knows what the City is planning for the Northwest and Southwest areas of the City. Mr. Barrett stated the CVSA is a census based estimation and the primary counties within the CVSA are Chatham, Bryan and Effingham counties. That analysis was supplemented with a 20-30 mile ring as well as the thirty minute drive time. Alderman Thomas stated the analysis does not include Beaufort or Hinesville. Mr. Barrett stated the primary purpose of looking at the comparable markets is understanding the demographics of that market place and routing capabilities. Mr. Barrett stated one of the things that is unique and should be considered is the tourism because people don't really come to Savannah to go to a concert or family show. He stated presently the City of Savannah is losing money because people are driving to other areas to see events and spend their money which is why he believes there is a primary purpose for an arena in Savannah.

Mr. Barrett continued the presentation stating interviews were conducted for potential users of the facility to include promoters and minor league sports leagues. He stated the key is balancing market demand with the needs of arena events and tenants to optimize seating capacity. Competitive venues were looked at in Jacksonville, Augusta, Macon and North Charleston to calculate the percentage of nonsporting events. This was used as a tool to make recommendations on ways the new arena could be used. Promoters indicated that these facilities provided the most direct competition to Savannah.

Mr. Barrett discussed the potential arena event mix giving attendee percentages for Jacksonville, North Charleston and Augusta using the Pollstar report which is primarily for concerts. He stated the questions that need to be considered are how many concerts Savannah will potentially miss; what could be the cost benefit of building a larger facility; and what effect will that have on

Savannah's ability to attract smaller events.

In talking to the promoters there were some that preferred facilities with a capacity over 10,000 and others favored a number closer to 8,500-9,000. The key issue that most of the promoters focused on was the end stage capacity for a concert. They believe as long as there are 7,500 seats the facility will accommodate most of the concerts they would want to bring to a market this size. Capacity would not be an issue for family shows and sports events. Mr. Barrett continued stating conversations were held with the ECHL and AHL. The ECHL which is an AA hockey league is the most likely candidate for the area. Their preference is a 6,000 to 7,000 capacity facility as the fan experience isn't the same in very large arenas. Additionally, there is an outside shot that the G-League may be potential tenant.

Alderman Johnson asked if collegiate sports teams and high school tournament events were considered. Mr. Barrett replied yes. In the event mix both were considered. He stated the program for modeling purposes is 9,300 max capacity which is in the range for basketball and about 750 lower for hockey. He stated they don't necessarily have an issue with going to a 10,000 seat arena. Their concern would be going to a 15,000 or 16,000 seat arena as the City doesn't have the market to support it and the fan experience would be diminished.

Alderman Thomas asked if anyone has talked about having a 15,000 or 16,000 seat arena? He stated he knows Council discussed having a 10,000 seat capacity arena. Alderman Foster stated he discussed a 7,500 capacity arena and Alderman Shabazz stated she discussed a 12,000 capacity arena.

Alderman Johnson expressed his concerns about having an arena that could be flexible in its use.

Mr. Barrett discussed the need for conversion and having a curtaining system so the facility would look full during smaller events.

Alderman Miller stated he was involved in the development of a coliseum in another town previously and their research showed having an excess size works against you because there needs to be some immediacy to purchase tickets. He continued stating if there isn't a demand at the time tickets go on sale people will wait to purchase which results in the reputation that the arena isn't being filled and consequently if something else competes the tickets don't get purchased. He concluded stating this is the reason why he is concerned about going too far over the suggestion of a 7,500 seat capacity arena. Mr. Barrett replied to Alderman Miller stating his point is a very good one as the trend in these types of facilities is actually to go smaller not larger. However, accommodating some of the concerts is beneficial because they will be the more profitable events for the venue. He continued stating that's the balancing act of trying to determine how to create a good fan experience and having a venue that can attract larger shows because promoters want to go into facilities that have high energy, that are sold out or close to sold out, and that the act says I want to go back because it was a great experience for me and the fans.

Alderman Miller stated he believes it is important that the arena is designed to be expanded if the need arises. Mr. Barrett replied it's a challenging architectural exercise referencing the Grand Rapids arena which was designed using a horseshoe configuration for future expansion, which they haven't had a need to. He stated they look at demographics four different ways: they talk to promoters and users of the facility; look at ratios of populations to seats in the marketplace; and look at ratios of corporate to premium seats in high income households. All tools used but the reality is there is some subjectivity when it comes to the 8,500 to 9,500 recommendations. Mr. Barrett continued stating if there is a perception in the marketplace that 10,000 should be the right number that is easily designed within this range as there are different capacities and configurations with standing room only. The City has a lot of flexibility to expand this through the design process to get to the magic number.

Alderman Johnson discussed the opportunity to use the arena as a shelter of last resort and asked if that was taken into consideration. Mr. Barrett replied that would be taken into consideration in the design process. Most facilities in the Southeast are designed with that taken into consideration.

Pete Shonka came forward to discuss the steps for moving forward in reference to the selection of a project management firm and arena operator. The goal is to have the operator work with the project management team and the City to assist with some of the design aspects of the arena. He discussed the best project delivery method as that will be very important. In addition, he discussed the need to determine the location of the arena as that will impact when construction can begin. He stated staff will move forward with finalizing the final numbers on capacity. He concluded stating a lot of work still needs to be done to prepare the RFPs for the design build team, operator and master builder for the Canal District. In closing he offered a brief history of the site and showed a potential concept site plan that features a hotel adjacent to the Old Water Works building, as well as an opportunity for development along the canal that would allow for the arena construction to begin first. Mr. Shonka stated there are a lot of things that have to happen on the site, to include civil engineering, storm water retention and flood mitigation, all of which will dictate how things will fit on the site.

Alderman Miller asked what the parking capacity needs to be for a project like this. Mr. Shonka replied he believes each garage would be about 700 spaces and the City has property across the street that would provide more parking if the need arises. Alderman Miller stated he thinks it is premature to offer an opinion on what he believes is best at this time.

Alderman Johnson stated he thinks the arena moved a little east is less intrusive to the neighborhood to the west, and moving it east places it in closer proximity to the highway for patrons to easily get on and off. He strongly suggested going back to the neighborhood committees early in the New Year as the City promised to keep them engaged and involved.

Alderman Shabazz asked if Council will decide on the project delivery method? City Manager Hernandez replied yes, with the recommendations of the entire team. Alderman Shabazz asked what type of timeline staff is looking at for Council to view to decide on a project delivery method. Mr. Shonka replied if Council decides to move forward with the project management team the contract should be in place by the end of January and that will be one of the first decisions that will be tackled.

Alderman Thomas asked if the City really has the money to start this? City Manager Hernandez replied yes, to start. The final budget estimate has not been received and won't be received until the design is complete. There may be a gap in financing but he believes Council is committed to seeing this project all the way through to completion. The plan is to use floating bonds, prior to a SPLOST 7 vote and then hopefully including the bond repayment in SPLOST 7.

Alderman Shabazz expressed her concerns about the drainage of this project and other areas in the City especially as it relates to the Springfield Canal basin. She stated as this project is being considered for bonds that Council and staff continue to look upstream to her district and not create a problem as the development begins. City Manager Hernandez stated drainage needs to be addressed in this immediate area in addition to the basin. There are some concepts being worked on that will be addressed with Council at a later date.

Alderman Johnson stated there are pump stations that cannot operate at full capacity because of pinch points going downstream. Alderman Johnson asked about the status of West Gwinnett Street as it relates to the widening and lifting? Mr. Shonka replied he received an update and staff is looking to go into plans of property acquisition after the New Year which will take about 6 months. The final right-of-way plans have been received from the consultant, but staff is still waiting on the final construction plans. Alderman Johnson stated citizens were told construction was beginning. Mr. Shonka replied that is true, but it looks like construction will begin late 2018 or early 2019.

Mr. Shonka said this project will present a great opportunity for the City to improve some of the drainage issues, to include widening the canal.

Alderman Miller asked if there will still be bicycle and walking lanes? Mr. Shonka replied yes there will be a greenway trail and connectivity from both Downtown to the area and from Hunter and upstream to the area, with bicycle and pedestrian access, improving drainage and road infrastructure.

Alderman Thomas asked if the City is getting any federal money from Hunter for this. Mr. Shonka no and stated the primary concerns with flooding is more in the Cloverdale, Tremont Park, and Liberty City areas, none of which are immediately adjacent to Hunter. He concluded stating they have some great concepts which he believes are very workable in improving the development of the area and the flooding issues in the City.

[2. 2018 Service Program and Budget](#)

[FY18 Proposed - Workshop December 21.pptx](#)

Melissa Carter, Chief Budget Officer, presented an update of the FY18 proposed budget stating several options were formally presented to Council and the public for consideration on moving toward FY18. The current working document that will be discussed today includes a proposed budget of \$408 million with a \$182.2 million General Fund Budget based on several adjustments. The preliminary budget that was the starting point included several budget reductions to services, the capital improvement plan as well as several other priority areas. There were no new major sources of revenue to diversify the revenue base incorporated in that balancing strategy, there were no significant tax increases, it set the millage rate at its current rate of 12.48 mils, it brought forward the Freeport Inventory Phase-In at 20 percent in which 2018 will be year 3 of a 5 year plan and lastly several significant operational changes due to the reorganization. The City staff, City Manager, Council and assumedly the public did not like this plan. The dialogue led to the Savannah Forward initiative and the FY18 Proposed Spending Plan which includes a built-in capital investment fund. In addition, it includes the priorities set by Council, the Parking Matters Study, the Arena Development District, the reestablishment of the Savannah Police Department, and diversifying our revenue streams through a Fire Fee.

Ms. Carter continued discussing the revenue sources to include property taxes with a millage decrease, sales taxes, hotel/motel taxes, and the Chatham County Police reimbursement. In reviewing this staff created the following policies: to project conservatively based on past trend; ensure that one-time revenues do not cover ongoing operating costs; and have no reliance on revenues of great uncertainty. Staff wants a spending plan that is realistic and sustainable based on information known today. However, there are some unknowns that will be revisited at mid-year which include: tax roll growth; hotel/motel opening dates; and the effect of the Memorial Hospital privatization and how it will impact the revenue base.

Ms. Carter then briefly discussed the FY18 millage rate impact, based on the reduction of 1 mill to 11.48 mils. The estimated property tax decrease for the median home owner with a property value of \$143,000 would be \$57.28. She then showed a listing of the local millage rate comparisons in Chatham County.

Ms. Carter concluded by summarizing the revenues and expenditures for FY 18, she stated it is balanced on the following assumptions: diversifying a revenue stream; shifting significant costs for Fire Services off the General Fund into a dedicated special revenue fund to be self-sustaining in that fund; it also predicates that there will be a millage rollback; proposes we will have a County Reimbursement – E911 Operations; allots for a 2% personnel wage adjustment for staff with a 1% adjustment mid-year based on revenue growth; it does have additional spending cuts across the board but it also brings forward many services that were cut from the preliminary budget; and service enhancements to support the strategic plan which cannot be abandoned. She continued stating the balancing strategy for years has been in order to meet the General Fund imbalance capital investments have been cut. She stressed to Council the reason the capital budget is important is because it enables the City to continue building and maintaining a more efficient infrastructure system for the residents while meeting the demands of current and future growth. Capital planning has been maintained by those dedicated enterprise funding streams. The total for the next five years grows to \$183 million that will support the strategic plan, support the implementation of action items of the strategic plan, and build upon the five priorities Council has set in place. These are the projects that will mean the most to the community and the residents, projects such as the recreational facilities, the sidewalk restoration, public safety and technology, the things citizens measure their quality of life by.

Alderman Johnson asked City Manager Hernandez about the additional 1% wage increase stating the initial discussion was to give a 2% increase and do a mid-year review. There have since been some revenues to appear that were not expected. City Manager Hernandez replied the 1% was not built back into the budget consistent with direction from Council. However, if they would like they have the power to move funds around as they wish, but his recommendation is to do a mid-year, but rather than adding it to the base look at a one-time bonus.

Alderman Johnson then asked if every employee that has received a RIF notice secured employment. City Manager Hernandez replied no and he will brief Council more during Executive Session.

Alderman Shabazz commended Ms. Carter and staff for a job well done.

[3. Executive Session: Real Estate, Litigation and Personnel](#)

Upon motion of Alderman Johnson, seconded by Alderman Shabazz, and unanimously carried, Council went into Executive Session for the purpose of discussing Personnel and Real Estate.

Upon completion of this session, a motion was made to come out of Executive Session by Alderman Durrence, seconded by Alderman Shabazz, and unanimously carried.

[4. City Manager's Briefing / Council Meeting Agenda Items for December 21, 2017](#)

City Manager Rob Hernandez presented the City Manager's Briefing of the agenda items for the Council Meeting of December 21, 2017. The agenda can be found online and will be made a part of the permanent record.

There being no further business, Mayor DeLoach declared this Work Session adjourned.

Mayor DeLoach adjourned this meeting.

Luciana Spracher Acting Clerk of Council

