

CARSON CITY REDEVELOPMENT AUTHORITY CITIZENS COMMITTEE

Minutes of the April 13, 2005 Meeting

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A regular meeting of the Carson City Redevelopment Authority Citizens Committee was scheduled for 5:30 p.m. on Wednesday, April 13, 2005 in the City Hall Capitol Conference Room, 201 North Carson Street, Carson City, Nevada.

PRESENT: Chairperson Robin Williamson
Vice Chairperson Sally Zola
Jed Block
Don Bruce
Mike Cowan
Stan Jones
Janice Shafer
Gigi Valenti
Jim Wallace

STAFF: Joe McCarthy, Economic Development / Redevelopment Manager

NOTE: A tape recording of these proceedings is on file in the Clerk-Recorder's Office, and is available for review during regular business hours.

A. CALL TO ORDER, DETERMINATION OF QUORUM - Chairperson Williamson called the meeting to order at 5:30 p.m. Roll was called; a quorum was present.

B. PUBLIC COMMENTS ON NON-AGENDIZED ITEMS (1-0007) - None.

C. REDEVELOPMENT AUTHORITY CITIZENS COMMITTEE:

C-1. DISCUSSION AND ACTION TO APPROVE RECOMMENDATIONS TO THE REDEVELOPMENT AUTHORITY ON A SPENDING PLAN FOR THE UNSPENT BOND PROCEEDS AND NEWLY DEVELOPED CRITERIA TO EVALUATE REDEVELOPMENT INCENTIVE APPLICATIONS PERTAINING TO THE REDEVELOPMENT INCENTIVE PROGRAM FOR REDEVELOPMENT PROJECT AREA NO. 1 (1-0008) - Chairperson Williamson thanked the Committee members for attending the special meeting on March 28th. Discussion took place regarding revisions to the mandatory and relative Incentives Program criteria, copies of which were included in the agenda materials. In response to a question, Mr. McCarthy advised of a conference call scheduled for April 14th with Winston & Associates to discuss the streetscape schematic design and illustrative process. He advised of a meeting with City Manager Linda Ritter and Development Services Director Andy Burnham, wherein the master plan consultants were notified of the Committee's desire to fast track the process. The consultants will provide a scope of work in the near future. Mr. McCarthy is awaiting a response with regard to securing more City-funded maintenance and repair. In response to a question, he advised that the \$100,000 requested for infrastructure improvements was included in the City's preliminary budget. He provided background information on the request.

Chairperson Williamson entertained a motion. **Member Shafer moved to approve the recommendations. Vice Chairperson Zola seconded the motion. Motion carried 9-0.** Mr. McCarthy invited the Committee members to attend the May 5th Board of Supervisors meeting.

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C-2. ACTION TO DIRECT STAFF TO PROCEED WITH THE PROCESS OF AMENDING REDEVELOPMENT PROJECT AREA NO. 1 BY ADDING APN 009-125-07, THE VACANT, FORMER WAL-MART BUILDING, PURSUANT TO DIRECTION FROM THE REDEVELOPMENT AUTHORITY (1-0140) - Chairperson Williamson provided background information on this item. Mr. McCarthy provided background information on the addition of the Costco property to the redevelopment plan area No. 1 in 1999. He explained the difference that the Costco property was City-owned at the time, and the statutory requirements for designating an area as “blighted.” He noted that the applicable statutes do not preclude adding non-contiguous property to a redevelopment district. He reviewed the direction provided by Mayor Teixeira to begin the public process with regard to the subject item. He provided the Committee members copies of NRS 279.

Mr. McCarthy noted that the subject property is privately owned, improved, and has been vacant since 2002. The District Attorney’s staff will provide direction with regard to whether the property meets one of the nine statutory standards by which blight is defined. Mr. McCarthy advised that the public process will also affect the decision to move forward. He further advised that Wal-Mart has tendered a generous offer to the property owner, with the intent of demolishing the existing building and constructing a 160,000 square foot Sam’s Club. Mr. McCarthy discussed Raley’s involvement in the process, and its representatives’ interest in re-thinking the opposition to a food / grocery retail store in the old Wal-Mart location. Mr. McCarthy explained that the public process begins with this meeting, and requested the Committee members to consider the elements of the proposal. He discussed the current owner’s proposal for the property.

Member Cowan expressed strong opposition to any consideration of eminent domain with regard to the subject property. Mr. McCarthy expressed the opinion that Mayor Teixeira is considering redevelopment as a way to facilitate effective use of the property. Member Cowan noted that the property owner would be entitled to apply for incentive funding. He expressed a preference that the benefits of the incentive program remain with the existing redevelopment plan area, and opposition to adding the subject property to the redevelopment plan area. In response to a comment, Chairperson Williamson reiterated that Costco is a part of the redevelopment plan area No. 1. She acknowledged the South Carson Redevelopment Plan Area, but clarified it was only developed for auto sales and vacant parcels which would support auto sales.

Chairperson Williamson acknowledged that approximately \$20,000 per year is allocated to the redevelopment fund from Costco property taxes. She further acknowledged that valuation of the subject property would begin in 2005 if it is annexed to the redevelopment plan area. In response to a question, Mr. McCarthy advised that the entire assessed value of a reconstructed building on the subject site would be considered for the redevelopment tax increment. He acknowledged that more resources would be available for more projects.

Member Valenti suggested that the City will negotiate with the current property owner and provide incentives regardless of whether his property is included in the redevelopment plan area. She suggested that the proposal “muddies the water” in that a casino development would generate very little benefit to the redevelopment fund. Mr. McCarthy advised that the difference between a Sam’s Club and a gaming property is significant with regard to sales tax revenue. He further advised that the Mayor is considering sales tax revenue because of a concern over City services.

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In response to a question, Mr. McCarthy advised that adding the subject property to the redevelopment plan area provides the City additional opportunity to discuss with the current property owner the importance of putting the property into service. In response to a further question, Chairperson Williamson advised that one difference between the subject property and the old K-Mart building on the north end of town is there is “an able and willing buyer” who is interested in moving forward and compensating the current owner of the subject property. Mr. McCarthy discussed the status of the old K-Mart building. Member Wallace referred to the relative criteria approved for the Incentive Program, and expressed the opinion that adding the subject property to the redevelopment plan area does not make sense.

Vice Chairperson Zola expressed agreement with the Committee members’ comments. She advised of having researched case law with regard to the subject proposal. She provided background information on *City of Las Vegas Downtown Redevelopment Agency vs. Pappas*, and read a portion of the Nevada Supreme Court’s decision into the record. She inquired as to the reason for not including the entire shopping center in the proposal to add to the redevelopment plan area. Mr. McCarthy discussed a case to be presented to the U.S. Supreme Court, and suggested the distinction that the subject property has been vacant for a number of years. The surrounding properties are not showing wear and tear, “we’re just losing businesses out there. ... They don’t have the appearance of blight like the old Wal-Mart building does.” Mr. McCarthy noted this community has never practiced eminent domain for economic development purposes, and expressed the opinion there is no appetite to do so. He reiterated the opinion that the Mayor is encouraging the addition of the subject property to the redevelopment plan area in order to stimulate more substantive conversations with the current property owner to do his project or sell to a retailer that can put the property back into use. Vice Chairperson Zola expressed the opinion this would be the wrong reason for adding the property.

In response to a question, Chairperson Williamson advised that eminent domain cannot be used if a property is not located within a redevelopment plan area. Mr. McCarthy explained that eminent domain is the only leverage communities have to address absentee landlords who refuse to maintain properties. He noted that the subject property is owned by an absentee landlord, who is threatening to keep the property empty forever because of a dispute with surrounding property owners. Chairperson Williamson acknowledged that the annual property tax increment from Costco increases as the property value increases. Mr. McCarthy reiterated the belief that the general fund sales tax issue is driving this conversation. Chairperson Williamson provided background information on the proposal.

Member Cowan reiterated his opposition to interfere with a private property owner. He expressed the opinion that the free market system will deal with the problem eventually. Mr. McCarthy commented that Member Cowan’s comments define the community’s standard with regard to public entities becoming involved in economic development activities. He discussed the current concern with regard to public purpose in light of the recent legislation which caps property tax rates. Chairperson Williamson acknowledged that the auto dealers are in a separate project area.

Member Shafer discussed impacts of the completed freeway bypass to the area of the subject property. She advised that the on-ramp designs are due to be completed in 2008, and the construction in 2012. She suggested that seven years is not a long time, and that the Wal-Mart building will become so valuable “someone is going to pick it up for the price.” Chairperson Williamson advised that the potential buyer is not attempting to undercut the offer; the owner is not entertaining offers. Mr. McCarthy discussed the City’s budget, and noted that sales tax pays for salaries and services. Member Shafer pointed out that this

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Committee has been focused on the downtown area for years. Vice Chairperson Zola noted that the current owner has only had this property since August 15, 2003, according to the vesting documents. She suggested that the City is rushing ahead to force the property owner to do something with the property. She agreed that the property owner is entitled to sit on the property. She reiterated that pressuring a sale is not the purpose for adding a property to a redevelopment plan area. She emphasized that the subject building is only one in a shopping center with many vacant spaces, and reiterated the suggestion that the entire shopping center should be included if the purpose is to generate business at the south end of town. She noted that the departure of Wal-Mart "emptied the Southgate Shopping Center." She further noted that nearly the entire north wing of the Raley's shopping center is also vacant. Raley's is paying the penalty for refusing to negotiate with Wal-Mart over whether or not to allow groceries, and is now more amenable to negotiating with another grocery retailer. Vice Chairperson Zola noted this is not the current owner's fault. She suggested inquiring of the Southgate Shopping Center and Raley's property owners as to their interest in adding their property to the redevelopment plan area. Mr. McCarthy advised that Glenbrook & Associates owns the property, and expressed a willingness to convey the recommendation to the Redevelopment Authority. In response to a question, he advised that Supervisor Aldean has the responsibility of recusing herself completely from this conversation.

In response to a question, Mr. McCarthy expressed the opinion that the proposal would not have been a topic of discussion if Sam's Club had not made an offer to the current property owner. In response to a further question, he advised that, from his observation, the City would never try to require one type of business over another. He acknowledged that the proposal is for this Committee to recommend that the Board of Supervisors and the Redevelopment Authority be provided the opportunity to discuss changing the use of the property. He advised that the proposal is outside the purview of the Committee, and that the purpose for presenting it was as a courtesy and as part of the public process. Discussion took place with regard to the possibility of the current property owner pursuing litigation against the City.

Mr. McCarthy responded to questions regarding other properties Sam's Club has been considering. He discussed the effect of the planned AIG Baker development in Douglas County. In response to a question, he explained that the Redevelopment Authority could initiate a resolution to add the subject property to the Redevelopment Plan Area and accomplish the same with passage of two ordinance readings. Discussion took place with regard to the time frame. Member Jones requested that the Committee be allowed more time to consider the request. Member Bruce considered the proposal as a strategic opportunity to provide direction at a very critical time. He expressed the opinion there is tremendous positive potential to supporting the proposal as a tool to help shape economic development in Carson City and the future redevelopment of downtown. Following discussion, Member Wallace pointed out that the Board of Supervisors and the Redevelopment Authority have no control over Wal-Mart's decision to develop a Sam's Club in Douglas County. Mr. McCarthy noted that the public process requires sufficient time. Member Valenti agreed, and noted that public policy also requires sufficient time. She pointed out that the proposal is directed at only one property owner, and expressed the opinion that public policy should not be established in such a way. Member Jones agreed, and expressed the opinion that the Board of Supervisors will not approve the proposal. Rather than running the risk of action being taken without the Committee's input, **Member Jones moved to recommend that staff not proceed with the process of amending Redevelopment Project Area No. 1 by adding APN 009-125-07. Member Cowan seconded the motion.** Following discussion, Chairperson Williamson called for a vote on the pending motion. **Motion carried 6-3.** [Member Jones left the meeting; a quorum was still present.]

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C-3. ACTION TO DIRECT STAFF TO BEGIN DEVELOPING AN AGREEMENT WITH THE CARSON CITY SCHOOL DISTRICT TO ENSURE THAT THE SCHOOL DISTRICT IS COMPENSATED FOR ANY LOST PROPERTY TAX REVENUE AS A RESULT OF REDEVELOPMENT (1-1186) - Chairperson Williamson and Mr. McCarthy provided background information on this item. Chairperson Williamson acknowledged that the Redevelopment Authority subsidizing the School District's storm water utility payments would be a compensation opportunity. Mr. McCarthy discussed the possibility of convening a committee to review the agreement on an annual basis. He responded to questions with regard to the origins of the subject proposal. He acknowledged that a draft agreement would be presented to the Committee for review and discussion. **Vice Chairperson Zola moved to direct staff to begin developing an agreement with the Carson City School District to ensure that the School District is compensated for any lost property tax revenue as a result of redevelopment. Member Cowan seconded the motion. Motion carried 8-0.**

D. ACTION ON ADJOURNMENT (1-1345) - Member Valenti moved to adjourn the meeting. Vice Chairperson Zola seconded the motion. Motion carried 8-0.

The Minutes of the April 13, 2005 meeting of the Carson City Redevelopment Authority Citizens Committee are so approved this 25th day of October, 2005.

ROBIN L. WILLIAMSON, Chair