

**SPARKS REDEVELOPMENT AGENCY MEETING MINUTES**  
**1:00 P.M. Monday, December 14, 2009**  
**City Council Chambers, Legislative Building, 745 Fourth Street, Sparks, Nevada**

**1. \*Call to Order**

The regular meeting of the Sparks Redevelopment Agency was called to order by Chairman Ron Smith at 1:00 p.m.

**2. \*Roll Call**

Chairman Ron Smith, Agency Secretary Linda Patterson, Agency Members Julia Ratti, Phil Salerno, Geno Martini, Mike Carrigan, Chief Administrative Officer Shaun Carey, Agency Attorney Chet Adams, PRESENT. Agency Member Ron Schmitt, ABSENT.

**\*Public Comment**

None.

**3. Recommendation to Approve Minutes of:  
Regular Meetings of November 9, 2009, and November 17, 2009**

A motion was made by Agency Member Martini, seconded by Agency Member Ratti, to approve the minutes of the Regular Meetings of November 9, 2009, and November 17, 2009. Agency Members Ratti, Salerno, Smith, Martini, Carrigan, YES. Agency Member Schmitt, ABSENT. Motion carried.

**4. Report of Claims and Bills approved for payment and appropriation transfers for the period November 4, 2009, through December 2, 2009**

A motion was made by Agency Member Ratti, seconded by Agency Member Martini, to approve the report of claims and bills, as submitted. Agency Members Ratti, Salerno, Smith, Martini, Carrigan, YES. Agency Member Schmitt, ABSENT. Motion carried.

**5. Consideration and possible approval of a Professional Services Contract for Legal Services with Taggart & Taggart, LTD**

City Planner Armando Ornelas stated this is a continuation of the on-call legal services that Taggart and Taggart have been providing to the Agency since July, 2007. The current contract was for an 18 month period for an amount not to exceed \$95,000 and as of October, 2009, they have expended \$49,617. Because this is a professional services contract, bidding is not required. Staff is requesting that the Agency approve a new 18 month contract, beginning January, 2010, for a not to exceed amount of \$95,000. The funds would come from either Area 1 or Area 2, depending on the nature of the work provided.

A motion was made by Agency Member Ratti, seconded by Agency Member Martini, to approve a Professional Services Contract for Legal Services with Taggart & Taggart, LTD. Agency Members Ratti, Salerno, Smith, Martini, Carrigan, YES. Agency Member Schmitt, ABSENT. Motion carried.

**6. Report on the October 19, 2009, Victorian Square Brainstorming Session**

City Planner Armando Ornelas summarized the report on the brainstorming session as follows:

- Panel of local real estate development, leasing, construction, economic development and tourism experts to discuss the future of Victorian Square

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- Audience comprised Agency and Nugget representatives
- Objectives
  - to examine whether the Victorian Square Plan was still workable
  - consider what uses or sources of demand there might be for real estate development in the Square area
  - what implementation priorities the Agency should be considering for the next several years
- The staff report contains copies of the various presentations that were shown at the meeting, as well as notes the panelist's comments and discussion on implementation strategies
- Results
  - Basic affirmation that the plan for a compact, mixed use project, is still workable
  - Other suggestions included dedicating the Square as a special events venue or other lower-density uses such as a suburban scale shopping center approach.
  - Plan has to be adapted based on market circumstances and timing
  - Build on the strengths of the Victorian Square (special events, the theater, the Nugget)
  - Demand for new development will be depressed for the near future
  - Most viable short to medium term uses:
    - Rental versus for sale housing
    - Artist Housing and related uses—this type of development has access to different types of financing. Sparks has discussed this with the Sierra Arts Foundation.
    - Attract a corporate office tenant to Victorian Square—office space is an important component in a mixed use project
    - Sites with the most short-term potential are Parcel A to the west of the theater and parcel B which is directly to the south of Avenue of the Oaks and the retail pads in front of the theater
  - Short-term versus long-term:
    - An incremental approach is more realistic and would allow for changing market conditions and reduce risk
    - This needs to be done without compromising the long-term goals of the Agency, including development of retail along the Plaza “spine”

Chairman Smith commented that the session was very successful and he is confident we can accomplish our long-term goals with small steps.

Agency Member Ratti thanked all the members of panel for their expertise, time and effort. She said the incremental approach makes a lot of sense.

A motion was made by Agency Member Martini, seconded by Agency Member Ratti, to approve the Report on the October 19, 2009, Victorian Square Brainstorming Session. Agency Members Ratti, Salerno, Smith, Martini, Carrigan, YES. Agency Member Schmitt, ABSENT. Motion carried.

Discussion on Item 6 was continued after a vote under Item 8 to reopen Report on the October 19, 2009, Victorian Square Brainstorming Session.

Agency Member Salerno said there were several comments regarding the Nugget taking over the

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development of Victorian Square, but he was not even sure that they were interested in taking on this task and recommended that the Redevelopment Agency Chair, the Chief Administrative Officer (City Manager) and the City Planner (Armando Ornelas) sit down with the Nugget to determine their interest.

Agency Chair Smith stated that they meet monthly with the Nugget as part of the TourMark (Tourism and Marketing Committee) and the reason this idea has not gone further is because we are still involved in a lawsuit with them and that lawsuit still exists.

Agency Member Carrigan stated that we have tried to develop Victorian Square every way we could think of and nothing has worked out. He said the reason he has voted no on reconfiguring the road and knocking down buildings is because we are not “driving the train” when it comes to development and if we put infrastructure in, a developer may come along and want to change it and then we have wasted our money. He said someone needs to take the lead on this and, to be honest, nothing gets done in Victorian Square unless the Nugget buys in on it. He said he had no problem with letting the Nugget run the show, but we needed to resolve the lawsuits before we could let this happen. Once the lawsuits are over, then we can be partners. He said so far we have not been good partners with them and unless we become better partners, nothing will get done.

Chairman Smith said he agreed with Mr. Carrigan, but he also felt that we still needed to market the property that the City owns. He said by law, we have to put in the roadway because we used eminent domain to take the property for the roadway, but we don't have to do the roadway right away. Chairman Smith said everything the Agency Board does is to try to get development going in this area.

Agency Member Carrigan said the Agency first has to decide who is going to take the lead on the development; then they have to decide if we are going to develop incrementally—if we are going to develop incrementally, then we have to decide which pads are the best to market.

Chief Operating Officer Carey stated the City, as a redevelopment agency, needs to be in the lead on this project, either in the form of a development agreement or in partnership with the Nugget. These options are still viable using an incremental program, given the current economic climate. The only way we could make a mistake on Victorian Square would be to hold back from marketing and pushing for any development opportunity that meets the quality we are looking for in our downtown area. Given this tough economy, the best direction is to push forward with the Agency attempting to develop the square incrementally; attempting to find a developer; and attempting to find an acceptable development partnership.

Agency Member Ratti said she felt the brainstorming session concluded that we are in an unprecedented economy and no one knows what is going to happen. The message she received is that we needed to be flexible and keep our eyes open for opportunities. She said she felt that perhaps in the past we got too locked into a plan and when the environment changed, the plan was no longer suitable. We don't know what is going to happen, but we can't sit back and do nothing. She said as a Redevelopment Agency we need to keep as many doors open as possible, while still having a direction.

Agency Member Martini said the key is to remain flexible and open to opportunities, whether it is incremental or a master development.

Agency Member Ratti said she would prefer to bring action to the Agency when there was something to act upon. If the concern is that we are spending \$20,000 and we don't have "a plan" in place—the plan is to be as flexible as possible. The plan is still to put the roads in and follow-up on the commitments that were made; however, we want to bring back real opportunities that we can take meaningful action on, as opposed to speculation on what may or may not work in an environment that is uncertain.

Chairman Smith said it is not like we are the only city trying to redevelop a downtown. We are competing and marketing our city is the natural thing to do. We can discuss whether to go incremental or with a master developer, but the reality is that in this economy there is no one out there willing to develop the whole area at this time.

Agency Member Carrigan said he did not care which way we go, but his concern was what is new... what are we doing that is different. We need someone to take the reigns or we will be back to where we were 10 years ago. He doesn't see any progress.

Agency Member Ratti said the progress for her was to determine, from a group of experts, whether our master plan still made sense. The answer was yes, but in this economy we won't have big leaps forward. We are not doing nothing, we are doing research and following up on possibilities that were brought up at the brainstorming session.

City Planner Ornelas pointed out that even though we have had some setbacks in recent years, we have made some progress on assembling properties for the master plan. We have acquired key parcels on key corners. The expert panel has affirmed that the physical characteristics of the plan will work, but the Board has to decide how to carry out the plan and make any amendments to the plan that are needed.

Agency Member Carrigan said the problem in the past has been that we don't own all the land. Mr. Ornelas stated we own 60 to 70 percent. Mr. Carrigan said that the other 30% of the land is located at some key junctions of the plan and we can't do anything unless the Nugget buys off on it. We need to improve our relationship with the Nugget because the plan won't work unless we partner with the Nugget.

Mr. Ornelas stated that in order to move forward, one of the things we need to do is bring forward an agreement with the Nugget for both parties to make their property available for development. Mr. Carrigan commented that he has been asking for this agreement for nine years—we need to have it in writing that the land is going to be available for what ever we decide to do. He said he had no problem with doing this incrementally or the way we master planned it, but we need to get it in writing that the land will be available. Mr. Ornelas stated staff is working on various agreements and hopes to bring a couple of them forward in the near future.

Agency Chair Smith asked for this issue to be put on the next agenda. Mr. Carey stated that would be the January 11<sup>th</sup> Meeting.

**7. Request for Agency Board direction on whether to refinish the former Pacific Pawn site as parking or with grass**

City Planner Armando Ornelas stated that staff is looking for direction on how to finish the lot

once the old Pacific Pawn building on the southwest corner of the Plaza is torn down. It is anticipated that it will be at least several years before any development takes place. The alternatives are grass or asphalt for parking and staff felt that turf would be more aesthetically pleasing and provide a green space in an area where there is already a lot of asphalt. A 3 inch asphalt finish would cost approximately \$9,000 and turf would cost approximately \$14,000 (including cost of irrigation).

In response to questions, from Council, Mr. Ornelas noted that the cost of maintenance of a grass area was not factored in and it is assumed it would be maintained as part of the regular maintenance of the Square by city staff. He said that currently the lot has a subsurface treatment (gravel) and that if the area is going to be used for public purposes, it needs to be covered to comply with health regulations (dust) and our own city codes.

Agency Member Salerno said there is no maintenance on an asphalt parking lot and we desperately need parking in the downtown area. Also, we have had a lot of lay-offs in our parks maintenance division and it wasn't a good idea to add more work for the few remaining staff.

Agency Member Ratti stated that with all the special events we hold downtown, more park/picnic area is needed and she would prefer grass.

Agency Member Martini stated he would also prefer grass; however, the grass that is already in this area usually looks rather worn and ragged because of the frequent amount of use it gets and he felt that asphalt would be more practical.

A motion was made by Agency Member Salerno, seconded by Agency Member Martini, to refinish the former Pacific Pawn site with asphalt. Agency Members Ratti, Salerno, Smith, Martini, Carrigan, YES. Agency Member Schmitt, ABSENT. Motion carried.

#### **8. Consideration and possible approval of a budget to market select Agency owned Victorian Square parcels**

City Planner Armando Ornelas noted this item is a follow-up on the recent brainstorming session and the thought that we would pursue development of certain parcels. This is a request for the agency to approve a marketing budget of \$30,000. The budget includes funding for materials, advertising, and travel. The \$30,000 is an estimate of what it would take to get us through the end of this fiscal year. He then discussed the potential steps that would be included in this marketing effort.

Chairman Smith said he asked that this item be brought up for discussion; however, he felt that the budget for this marketing effort should be half of what Mr. Ornelas was requesting.

Agency Member Carrigan stated he felt that the funding should not come from the Redevelopment Agency, but from the Marketing and Tourism funding. He said he also felt the City should not be the developer of Victorian Square, because we have tried numerous times and it has not worked. He suggested we let the Nugget be the "developer" and let them bring in what they think will work.

Chief Administrative Officer Carey stated that his understanding of the Tourism and Marketing funds was that they would not be appropriate to use for this marketing effort. The Redevelopment funds would be best to use for preparing marketing materials.

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Agency Member Salerno recommended that any funds that were approved be a “not to exceed” amount so that we don’t go overboard on the marketing efforts.

Agency Member Martini noted that we have worked on getting the Nugget to be the developer in the past, but we could not get a consensus of the Council to go forward that idea. He said he liked the idea of having the Nugget become the developer for Victorian Square. Agency Member Martini said he agreed that the amount should be “not to exceed;” but that approving only half of what Mr. Ornelas was requesting (\$15,000) might leave us short of funding to do what we need to do.

Agency Member Ratti said the one concept that stuck with her from the brainstorming session was using an incremental approach--grasping one opportunity at a time. She said we needed to have funds available to respond to opportunities as they arise.

Agency Member Salerno stated that in the last 15 years that he has been on the Council/Agency, we have tried every way possible to get Victorian Square developed and nothing has worked. He said he agreed with Mr. Carrigan that we needed to find someone to take over; however, if we do this, we need to turn things over to them and not try to micro-manage them.

Agency Member Carrigan expressed concern that we were now going to develop Victorian Square incrementally when this discussion was not brought to the Agency for approval. He said as far as having the Nugget do the development, his concern there was that we were involved in a law suite with the Nugget and we shouldn’t do business with someone who is suing us. He also said we seem to be changing the direction of how we are developing Victorian Square without discussion and approval from the Redevelopment Agency Board.

Chief Operating Officer Carey clarified that this item is a result of the brainstorming session that was held with local experts regarding how to develop Victorian Square. These experts recommended that because of the economy, and the lack of a large-scale developer, the Agency would be best served by looking at opportunities as they come along. He suggested that if the Agency Board wanted to discuss our approach to development on Victorian Square and what the brainstorming panel is recommending, then it would be appropriate to schedule discussion and possible action on another meeting.

Agency Member Carrigan said he would like to reopen Item 6—Report on the October 19, 2009, Victorian Square Brainstorming Session—for discussion, because he had some questions regarding the direction the Agency was taking towards development of Victorian Square.

A motion was made by Agency Member Ratti, seconded by Agency Member Martini, to approve a budget of \$20,000 to support marketing of select Agency owned Victorian Square parcels. Agency Members Ratti, Salerno, Smith, Martini, YES. Agency Member Carrigan, NO. Agency Member Schmitt, ABSENT. Motion carried.

A motion was made by Agency Member Carrigan, seconded by Agency Member Martini, to reopen Item 6—Report on the October 19, 2009, Victorian Square Brainstorming Session—for discussion. Agency Members Ratti, Salerno, Smith, Martini, Carrigan, YES. Agency Member Schmitt, ABSENT. Motion carried.

**9. December Monthly Redevelopment Status Report**

City Planner Armando Ornelas noted that he had provide Agency Members copies of recent new paper articles regarding the Silver Club and stated the foreclosure auction is scheduled to occur on December 23<sup>rd</sup>. It is his understanding that Northern Nevada Asset Holdings, LLC, which holds the note, is publicly indicating that it expects to emerge as the owner of the properties. The State Gaming Control Board recommended approval of their application to potentially operate the property as a gaming facility. If approved, the facility could potentially open as early as April 2010, on a limited basis. Agency Members asked Mr. Ornelas to let him know when and where the foreclosure auction would be held.

The bid package for the Victorian Square Phase II Public Improvements is scheduled for release around January 13<sup>th</sup> and once the contract is awarded, construction would be completed by July of 2010. Staff is still negotiating and agreement with the Nugget to acquire the balance of the right-of-way needed for the project. The Agency asked if this construction would interfere with any of the events. Mr. Ornelas stated the idea is to finish before any large events are held, but if this doesn't happen, the contractor will be required to "work around" any special events. The Agency also asked if the project included removing the median to allow left turns and whether the work would include installing a traffic signal. Community Development Director Neil Krutz noted that we are currently waiting on an opinion from our Traffic Engineer and then we will know whether we need to put this work as an alternate in the bid. Staff does not anticipate that the work will include a traffic signal, just a left turn pocket.

Demolition of the Simons building started today.

The Century Theater Sparks 14 (Cinemax) has started discussions with the City regarding a proposal to convert one of their auditoriums to an XD (Extreme Digital) large format high definition type format which is comparable to the IMAX format. This would allow them to compete with the proposed IMAX theater at the Legends. Cinemax has indicated they intend to seek financial assistance from the Agency, although we have not yet received an official request from them. Chairman Smith indicated that the Agency is including Cinemax in the talks for developing the downtown area, stating they may have helpful contacts that would help up get businesses into the downtown area. The Agency asked where the funds would come from if the City agreed to provide financial assistance to the theater. Mr. Ornelas stated they would come from the Agency general fund for Area I. Initial estimates of the conversion are around \$600,000.

With regard to Redevelopment Area II, staff is working on an agreement with RED Development to re-purchase the Legends improvements which the agency acquired with \$9.25 million of 2008 TIF Bond proceeds. That right was granted to RED in the DDFA and by the purchase and sale agreements that the parties entered into for the non-arena improvements last year. Staff expects to bring that agreement forward at the January 11, 2010 meeting.

The Agency Board has inquired whether or not Mr. Dahl still retains ownership of the Marina Village property. Mr. Ornelas stated that Mr. Dahl is still the owner; however, the bank has initiated foreclosure proceedings, with an auction scheduled for January 19, 2010. He then invited Mr. Dahl to provide additional information to the Agency Members. Mr. Dahl stated they are still in control of the property and they have been unable to negotiate with their lender. The lender has informed him that they intend to sell his note in January. Once they have a new lender, they can negotiate with the new owner of their note.

Agency Member Carrigan asked about rumors that prevailing wage was not paid on the Sheels building. Mr. Krutz assured the Agency that we had a consultant reviewing the payrolls since “day one.” There were over 265 contractors and subcontractors and the consultant reviewed each and every payroll and conducted extensive interviews to assure that prevailing wages were paid. Mr. Krutz stated that we will address any accusations that may be brought forward from the Labor Commissioner. Mr. Carrigan asked if the “onus” for proof would lie with the consultant because that is what they were hired to do. Mr. Krutz said yes, it would. He noted that five separate complaints were brought forward last week from the Building Trades Council. Two of those complaints have already been addressed to his satisfaction and that information will be forwarded to the Labor Commission.

Mr. Ornelas stated we have received the draft infrastructure report from the consultant (Summit Engineering) for the Oddie Boulevard corridor. Staff is in the process of reviewing the report and will provide a complete summary to the Agency when the review is completed.

Mr. Krutz noted that staff has been contacted by a party that is interested in building an ice arena in the area of the Legends project. Discussions are progressing, but there is still a long way to go before we know whether this is feasible.

**10. Comments from the Agency and Chief Administrative Officer**

None.

**11. \*Adjournment**

There being no further business, the meeting was adjourned at 2:35 p.m.

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Chairman

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Agency Secretary

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