Minutes of the Rio Nuevo Multipurpose Facilities District Board

April 9, 2003 at the Rio Nuevo Community Meeting Room, 52 West Congress, Tucson, Arizona.

1. Roll Call

Chair Suarez called the meeting to order at 6:00 pm. Alice Eckstrom, Corky Poster and Ruben Suarez present. Olivia Hernandez was absent/excused.

Staff present: John Jones, Project Director, John Updike, Project Manager, William Hicks, Counsel to the District Board, Scott Douthitt, Acting City Finance Director, Fernando Castro, City Manager of South Tucson.

2. Approval of Minutes of February 12, 2003

Mr. Poster moved, Ms. Eckstrom seconded, to approve the minutes. Motion approved unanimously, 11-0.

3. Appointment of Board Treasurer

Mr. Jones indicated that Scott Douthitt has been named interim Treasurer by the City Manager of Tucson, subject to Board ratification. ***Mr. Poster moved, Ms. Eckstrom seconded, that Mr. Douthitt be ratified as Board Treasurer. Motion approved unanimously, 11-0.***

Mr. Poster moved approval of the Agreement before the Board as submitted by staff, Ms. Eckstrom seconded the motion. Motion approved unanimously (12-0).

4. Science Center Project Status

Ms. Alexis Faust was present to address any questions that the Board might have regarding the project. Mr. Poster asked for more detail regarding the proposed financing of the project. Ms. Faust indicated that the initial submittal to the District showed a project scope of approximately $60 million, with approximately $20 million from the District. Mr. Poster questioned whether the current financial issues facing the University would affect the project's bonding potential. Ms. Faust indicated there were various financing options that can be explored, should financial constraints arise. Mr. Rob Vugteveen provided information regarding the building bridges conference slated for May 9 and May 10, and provided a copy of the recently issued press release to the Board members and staff. The conference is free and open to the public at the Tucson Convention Center. Ms. Eckstrom asked who was on the steering committee. Ms. Faust indicated that Jaime Gutierrez, Don Durband, Jane McCollum, Jonathon Walker and others were on the committee. Several dozen organizations have been invited to attend.

Mr. Poster thanked the University officials for attending the meeting, and looks forward to the conference.

5. Amendment to Administrative Rules – Meeting Location

Mr. Jones indicated that this item would permit the Board to meet in either Tucson or within the corporate limits of South Tucson. Approval tonight would result in a request for concurrence from the City of Tucson and the City of South Tucson. ***Ms. Eckstrom moved, Mr. Poster seconded approval of the item. Motion carried unanimously, 11-0.***

6. Update on TIF Report from Finance Department

Mr. Douthitt provided background on the efforts underway by the Arizona Department of Revenue (ADOR) to define the baseline of tax revenue from the base year, and to define the increment as a result of current year sales. Taxpayers with multiple locations have created quite a bit of work for the taxpayers and for ADOR to segregate sales information that pertain to District locations only. Additionally, working with the Attorney General's Office, staff is attempting to work out a process wherein City of Tucson and State staff can work together on this effort, while not violating confidentiality rules.

In response to Mr. Poster's query, Mr. Douthitt indicated that all monies owed the District will be paid retroactively to October 1, 2002, following the reconciliation process by ADOR. Mr. Douthitt indicated positive revenue flow can be anticipated sometime this summer.

7. 2004 Rio Nuevo Budget

Mr. Jones referred the Board to the information in their agenda package, which is the information in the City of Tucson draft budget (provided to the Mayor and Council regarding the Rio Nuevo Project for informational purposes only). Mr. Jones indicated that the staff levels are 4.75 full time equivalent positions, with a total expected expenditure of $16,415,080 (both operating and capital budgets) in the coming fiscal year. However, debt service (and an equal amount of lease revenue) for the Tucson Convention Center is included in that total at $4.8 million. Mr. Poster asked if the source of funds numbers relate to the anticipated TIF revenue from ADOR in the coming year. Mr. Jones indicated that yes, the numbers do relate in that manner. Mr. Poster asked about how the match requirements will be met. Mr. Jones indicated that the City's intent is to not make an immediate decision regarding repayment of any loaned funds, for maximum budgetary flexibility. Mr. Poster asked if the City invested 0.5% sales tax revenues along the Broadway corridor, if the ballot proposition has passed within the past year, would that expense qualify as a match by the City. The answer is yes.

Mr. Jones then reviewed the capital projects listing. Mr. Poster asked about the legal expense line item of $100,000. Mr. Jones indicated that the District has retained the services of Snell & Wilmer on an hourly basis, through a City of Tucson contract. Mr. Suarez asked about the community relations expenses, which Mr. Jones indicated are provided on an as-needed basis, at an hourly fee, per contract. No action was taken on the matter (and none requested).

8. West Congress RFP

Mr. Jones reviewed the draft goals and criteria for the West Congress properties south of the El Rio Clinic, west of the Santa Cruz River. Mr. Jones outlined the history of the property, and the input received from the Citizen's Advisory Committee and the adjacent neighborhood in the past week. Mr. Poster asked that Mr. Jones review the process used to solicit Menlo Park neighborhood association input. Mr. Jones indicated that with the assistance of Suzanne Bott of the Sonoran Institute, who facilitated a Saturday workshop on the matter, the neighbors developed guiding principles for this development. Mr. Poster asked what would occur is the Board and Mayor and Council do not agree on the action to be taken with respect to this property. Mr. Jones indicated that the intergovernmental agreement requires joint action by both parties to develop property. Mr. Poster indicated that the reasoning behind supporting the commercial elements of the project did not make sense to him. The history of downtown indicates that the market for retail and commercial in downtown has fled to other areas in the community, due to a lack of constituency in downtown (residents), among other things. Mr. Poster complimented staff and others in working closely with the neighborhoods on this issue and initially proposing a residential development in sync with the concerns expressed by the neighborhood. Mr. Poster indicated he in no way supports this proposal, and ***moved that staff reconstruct the original draft RFP for residential development only and take that back to the Mayor and Council for approval.*** Mr. Poster also indicated that the housing proposed at this site are intended to be a medium-density buffer to facilitate future commercial/institutional development east of the residential area, not to create a constituency for future retail. ***Ms. Eckstrom seconded the motion. Motion then modified to report the Board's direction to proceed with residential development only to the full Mayor and Council, acceptable to the second to the motion, and unanimously approved, 11-0.***

9. Development Corporation Services RFP

Mr. Jones reviewed the RFP now out for response regarding this matter, a copy of which was included in the agenda package. Mr. Jones will provide a list of those attending the pre-submittal conference to Mr. Poster.

10. Next Meeting

May 14, 2003 was established as the next probable meeting date, at 6:00 pm, and Ms. Eckstrom indicated that she would not be able to attend. The June meeting would on the 11th of June.

11. Future Agenda Items

None noted.

12. Call to the Audience

Mr. Dick Bayse noted that attractions should be considered in the Downtown. He questioned the fate of Mission Road south of Congress. He was supportive of two-way streets in downtown on Sixth and Stone. He asked that TICET be extended to reach other areas of downtown. He questioned the value of the Thrifty Block.

13. Adjournment

Ms. Eckstrom moved for adjournment at 7:05 pm, seconded by Mr. Poster and unanimously approved, 11-0.

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