



City Council Special Meeting Minutes - Final

Tuesday, February 7, 2017

6:00 PM

1. CALL TO ORDER

Mayor Nexsen called the meeting to order at 6:08 p.m.

2. PLEDGE OF ALLEGIANCE

Mayor Nexsen led in the Pledge of Allegiance.

3. ROLL CALL

Present

7 - Mayor Mark S. Nexsen, Vice Mayor Jeni Coke, Councilmember Michele Lin, Councilmember Cal Sheehy, Councilmember David Lane, Councilmember Gordon Groat, and Councilmember Donna McCoy

4. CALL TO THE PUBLIC

There were no requests to address the Council.

5. PUBLIC HEARING

- 5.1 [ID 17-1074](#) Recommend Approval of a Special Event Liquor License Application for the Lake Havasu Association of Realtors Fundraiser on February 25, 2017, at 2119 McCulloch Boulevard / Larson

Special Event Coordinator Brian Allen advised that Thomas E. Larson, applicant for the Lake Havasu Association of Realtors, has applied for a Special Event Liquor License for a beer garden for a special event to be held at 2119 McCulloch Boulevard, on February 25, 2017, from 11:00 a.m. to 3:00 p.m. He said all fees were received and no objections were submitted.

Councilmember Sheehy moved to recommend that the Arizona Department of Liquor Licenses & Control approve a Special Event Liquor License for the Lake Havasu Association of Realtors Fundraiser, on February 25, 2017 from 11:00 a.m. to 3:00 p.m. at 2119 McCulloch Boulevard, seconded by Councilmember McCoy, and carried by the following vote:

Aye: 7 - Mayor Nexsen, Vice Mayor Coke, Councilmember Lin, Councilmember Sheehy, Councilmember Lane, Councilmember Groat and Councilmember McCoy

- 5.2 [ID 17-1067](#) Discussion and possible action, if necessary, to comply with Arizona Open Meeting Law following the executive session regarding the negotiations for the purchase of real property in conjunction with the Vision 20/20 Downtown Project

Mayor Nexsen said the sellers of the property, also known as the Springberg-McAndrew Lot, have signed a Memorandum of Understanding (MOU) agreeing to \$1.05 million for both lots. He said if the City were to purchase and take control of the property, it would not be the City's intent to construct buildings or rent but to retain half as public space or a plaza and market the other half with stipulations. He said the stipulations would be determined at a later date but ideally it would be shops, boutiques, restaurants, or something of that nature to avoid office space in that area. He stated that the City is not going to be in the development or real-estate business and if the Council decides to move forward with purchasing the property, any future development would take time and input from the community and would be marketed by commercial real-estate and subdivided for future development.

Mayor Nexsen opened the public hearing.

Mr. Steve Van Ella, owner of the Red Onion, addressed the Council and said he approached the owners of the Springberg-McAndrew property years ago asking if he could plant grass and install sprinklers to maintain it as a park for the Downtown District. He said the idea and purpose of doing this was to bring events to the downtown area and avoid closing Mainstreet for smaller events. Mr. Van Ella said the owners agreed and over the last 3 ½ years they have successfully held approximately 40 events on the property. He said he currently has six events booked over the next few months and asked if those events would still be allowed to take place if the City took control of the property.

Mayor Nexsen said it was his understanding that they would still be able to hold their events but they would be required to go through the City's process because it would be on City property.

Mr. Gary Kellogg, Partnership of Economic Development (PED), addressed the Council and said this project has been talked about for over 10 years. He said he realizes this is a difficult decision for the Council, but said this is alot like the Aquatic Center project years ago when the community was concerned about the cost. Mr. Kellogg said the Aquatic Center has now become another jewel in our community along with many other things

like Rotary Park, and added that he believes this too will become another jewel and will make the Downtown area come alive.

There being no further comments, Mayor Nexsen closed the public hearing.

Councilmember Sheehy said over the last several days there has been a lot of discussion in the community about this property in the local newspaper and through forums. He said he sees this as an investment for our community and downtown, and added that it will allow the City to explore what the true opportunities are going to be. He said because the property is currently referred to as a park people think the City is going to be adding to the park system, but that is not the intention. He said the intention is to find a very strategic opportunity to use a large public space downtown as a gathering space. Councilmember Sheehy also pointed out that this project is not being done in lieu of any other project. He explained that the projects identified in the City's Capital Improvement Plan (CIP) are still moving forward, and the City still has a very strong focus on parks and fields. Councilmember Sheehy added that this property will also not increase any taxes. He said this is an opportunity to invest in the community and the return on investment, which is unknown at this time, will certainly drive additional property tax and additional sales tax revenues. Councilmember Sheehy added that in the end, if the City determines that the opportunity is not there the property can be sold.

Councilmember McCoy said over a year ago the City became involved in the America's Best Communities (ABC) competition and just recently a Town Hall meeting was held to gather input from the community. She said the community ranked the Downtown project as the highest need for the community, and said because of that she feels the City needs to act on this now.

Councilmember Lin asked how the project would be funded, to which Mayor Nexsen said it would be funded through the line of credit, or debt proceeds, that are also being used for the Cypress Park and SARA Park projects. Councilmember Lin said while the Town Hall meetings generated a couple hundred residents, the city's population is over 50,000, and asked why there is a rush to purchase this property now. She said she would hate to see it sit undeveloped for years, and would like to see if there is any interest from secured developers before purchasing the property.

Mayor Nexsen said the City cannot secure developers or ask developers to develop on property that the City does not own. Councilmember Lin noted that if the City were to wait there may be developers who are interested in the property that come forward.

In response to Councilmember Lin's comment, Councilmember Sheehy said the property there today is currently vacant and there is a contribution to Lake Havasu City in property

taxes by taking it off the rolls at \$761.01 a year. He added that once the property is developed it will increase sales tax revenues and property tax values. He further added that by purchasing the property, if a developer were to come along with a great idea, the City would have control on what happens to the property.

Vice Mayor Coke said she has been involved with the Downtown Association for many years and has helped organize events that have brought over 40,000 people to Mainstreet. She said she has also been involved with the PED for a number of years and agreed that this is not a new concept; this is an opportunity and an investment in the community, and said hopefully the property will come to fruition of the Vision 20/20 Plan, but if not, then it is still a parcel of land that can be sold.

Councilmember Sheehy reiterated that this is an investment in Lake Havasu City and if at any point the City feels that it is not needed it can be sold for a profit as with any other investment.

Councilmember Lane said Mr. Van Ella has been maintaining the property for a number of years and asked what the City plans to do with the property if it were purchased, to which Mr. Cassens said the City would maintain the property and it would be kept as is during the planning process. He stated that it would become a city parcel and there is a process in place for events that want to use public parcels. He said the City does not expect for the public to see any change down there until there is a master plan in place and the City is ready to move forward.

In response to Councilmember Lane's question, Mr. Cassens explained that funding is available and is protected from the expenditure limitation in the method that the money was borrowed to fund a list of items; therefore, the City is confident that this purchase is fully secured. He added that it would not be the City's intention to make this property anything more than what it currently is until there is a secured plan in place to move forward which buys the City some time to go through the planning process to get the community's input for the area. He said the plan in the Vision 20/20 Plan is only a concept of what it could potentially be, and added that by gaining control over the property the City can seek out expertise to help determine how to maximize the property, secure a public space, and master plan the commercial aspect of the property.

Councilmember Lane asked what would happen if the City chose not to purchase the property right now, to which Mr. Cassens said the property would go back on the market.

Councilmember Groat said he thinks this is a fabulous piece of property and he supports this concept; however, he feels this plan is thin on the facts of the development. He said his concern is that if he, as an individual investor, could not make this decision; then it

could not be proven that we, as a municipality, are in fact the developer of a last resort. He said in having the fiduciary responsibility and trust in him by the taxpayers, he thinks this is an unsuitable investment at this time.

Councilmember Lin said she agreed with Councilmember Groat.

Mayor Nexsen said he does not disagree that this is using taxpayer money; however, the money is being invested and not spent. He stated that an investment in land will sit on the books as an asset, and said ideally, if the City is later able to put together a plan, which he is confident can be done over time; then the City would sell off a good piece of the property, reducing the City's initial investment. Mayor Nexsen added that there would be some infrastructure costs related to the plaza but the City would not spend any money until there was a developer for the remaining portion of the property which would create additional property and sales tax revenues that would further reduce the City's investment. Mayor Nexsen added that he believes the Council has a responsibility to invest the taxpayers' money wisely and not spend it, and said this is a wise investment to control the city's future. Mayor Nexsen added that the City has looked at trying to develop the downtown area for many years and he sees this project as one that many other communities have already done. He said now is the time to make an investment and show what can be done as a catalyst for the remaining portion of the downtown area. Mayor Nexsen said if Lake Havasu City wins the ABC competition, the prize money will further reduce this investment.

Councilmember Lin asked if the ABC prize money would go to the City or the Convention & Visitors Bureau (CVB), to which Mayor Nexsen said the money would go to the City but would be managed by the ABC team. Councilmember Sheehy explained that the "America's Best Community Team" (ABC Team) was established as a non-profit 501c3 organization with board members who manage the funds.

Councilmember Lin expressed concern that the property would sit empty and thought the City should wait until after the ABC competition to use any winning funds to purchase the property. Councilmember Sheehy said time is of the essence because now the current owners know that someone is interested and anytime demand is driven, price is driven.

Councilmember Sheehy said in response to Councilmember Groat, he does not believe the City is saying they are the developer of last choice, or last resort. He said the City is looking at making an investment to control a piece of property, and added that the City owns vacant land throughout Lake Havasu City as an investment in our future.

Councilmember Brister moved to authorize the purchase of the properties located at 2117 and 2119 McCulloch Boulevard for \$1,050,000 plus costs and authorize City staff to execute all necessary documents, seconded by Vice Mayor Coke, and carried

by the following vote:

Aye: 5 - Mayor Nexsen, Vice Mayor Coke, Councilmember Sheehy,
Councilmember Lane and Councilmember McCoy

Nay: 2 - Councilmember Lin and Councilmember Groat

6. ADJOURN

Upon motion by Vice Mayor Coke and seconded, the meeting adjourned at 6:40 p.m

CERTIFICATION

I hereby certify that the foregoing is a full and true copy of the Special Meeting Minutes of the Lake Havasu City Council held on the 7th day of February, 2017. I further certify that the meeting was duly called and posted, and that a quorum was present.

Kelly Williams, City Clerk/CMC