

CITY OF ELKO
REDEVELOPMENT AGENCY
REGULAR MEETING MINUTES
2:30 P.M., P.S.T., TUESDAY, NOVEMBER 15, 2016
ELKO CITY HALL, COUNCIL CHAMBERS,
1751 COLLEGE AVENUE, ELKO, NEVADA

CALL TO ORDER

Chris Johnson, Chairman, called the Redevelopment Agency meeting to order at 2:30 p.m.

ROLL CALL

Present: Mayor Chris Johnson
Robert Schmittlein
Reece Keener
Mandy Simons (arrived at 3:17pm)
John Rice (arrived at 2:37)

City Staff: Curtis Calder, City Manager
Scott Wilkinson, Assistant City Manager
Cathy Laughlin, City Planner
Jeremy Draper, Development Manager
Bob Thibault, City Engineer
Shelby Knopp, Planning Technician

PLEDGE OF ALLEGIANCE

COMMENTS BY THE GENERAL PUBLIC

Lina Blohm explained that she would not be able to stay for an item on the City Council agenda, but she wanted to comment on the Snowflake Parade. The fact that there is an intent to bring it back to Idaho Street, where it was originally, is 100% better. There was a lot of criticism about last year's parade route. Those building the floats went to so much trouble to build a beautiful float and they only had a small audience. The spectators didn't like it because it was crowded. We have such a successful parade. She hoped that City Council would consider the effectiveness of the Snowflake Festival going down Idaho Street.

APPROVAL OF MINUTES

September 13, 2016 – Regular meeting **FOR POSSIBLE ACTION**

The minutes were approved by general consent.

I. UNFINISHED BUSINESS

- A. Review, consideration, and possible approval to consider an offer of donation for a property located at 397 5th Street and direct staff to evaluate the merits of accepting the property for possible ownership by the Redevelopment Agency, and matters related thereto. **FOR POSSIBLE ACTION**

Staff met with legal counsel representing the owners of the property on Thursday May 5, 2016 to discuss the possible donation of the building to the Redevelopment Agency. If the Redevelopment Agency considers this offer, staff will be evaluating all aspects of the property including but not limited to review of owner provided reports, risk analysis, NRS compliance, and potential development of the property. August 13, 2016 meeting, RDA directed staff to obtain three written estimates and to reach out to adjoining property owners. Staff has also met with three potential developers of the property.

Cathy Laughlin, City Planner, said since the last meeting she had met with the adjoining property owners and had also provided letters from them. Stated in the letters is their interest in being a part of the redevelopment of that entire block end. It would be 100 feet by 100 feet, with all three buildings included. She sent requests to 21 demolition contractors and received six written estimates on the demolition and asbestos abatement. The demolition bids ranged from \$108,000 to \$449,000, and the asbestos abatement ranged from \$27,000 to \$100,000. These were simply estimates based on the information that was sent to them. They were sent the structural report, the asbestos report, several photographs, and other information pertaining to that building. Impact Demolition was the low bid at \$199,000. They were the only contractor to visit the building prior to giving an estimate. In your packet you received an estimate tally sheet that splits all of that out. Since it wasn't a formal bid process, the way that the estimates were given back to us varied. Some included the asbestos abatement in the total, some did not, and some split it out, so there are some discrepancies between all the written estimates. She has also met with three local developers' who have all shown interest in the development of the property. They have all stated that they would be working on some estimates on construction costs, to make sure that it would pencil out to be a potential property investment. They all stated that an anchor tenant would be the key to redevelopment. If they had an anchor tenant that came on board tomorrow, they would be willing to sign and redevelop that entire block end. She provided the Agency with an email from a developer who was not able to attend meeting. There is also a developer in the audience. A legal opinion of the potential liability that the City would be taking on, if they decided to demolish this building without the other two, was provided. It is in the best interest of the City to not take on that risk of just doing the corner lot, and to demolish all three buildings at the same time. Cost wise it would be better as well. There are quite a few unknowns. One of the key elements is bare land is better than a blighted building. A key example would be the Keeners removing the Stumble Inn. It's a gravel lot, and it's much better a gravel lot than a blighted building. It could sit a vacant gravel lot, but if we demolish this building we will get the tax increment back by working with a developer to develop the lot. She stressed the differences in who demolishes the building. If the current property owner demolishes the building they wouldn't control the outcome. They would probably want to sell the bare land and it could be whatever. We could end up getting no tax increment from it. If the RDA was to accept the donation and work with a developer on the redevelopment, you could control the outcome if you donated it or sold it for a low cost. This agenda item is for the donation of the building. Ms. Laughlin thought she would like to see the City continue to work with potential developers and see if they could get a complete redevelopment of the block end. It's a win-win situation for the

current property owners. We could bring this back as a different agenda item, possibly a participation agreement between the RDA for a monetary value of the demolition of the building.

David Fonua, representing Meridian Pacific and Gary Pinkston, said Ms. Laughlin reached out to them as a potential developer to look at this project. Although it's in its infancy, it is enticing and exciting. Meridian Pacific would be very interested in working with RDA and redeveloping that block end.

Byron Smith said he works across the street from this building. It's unsightly and an embarrassment. He wanted to encourage the RDA to take a leadership role and help to spur the redevelopment downtown. People have started to do things downtown, things are changing, but it's slow. With this building, in the condition it's in, it doesn't help people's attitudes and how they look at downtown. It is also unsafe. Last winter there was netting put up on the building because there was brick falling down off of the side. The City Planner has done a considerable amount of work in researching on what it's going to take to knock that building down. From past experience with her, she is very thorough and knows how to get the information she needs to get. The information that she has provided is reliable information. He wanted to encourage the Agency to strongly consider helping push forward redevelopment downtown and change the image of Elko. This would go a long way. If it was vacant lot, it would look a lot better than what it does now.

Ms. Blohm said she has also watched this building deteriorate over the years. She has been concerned about the safety of people, particularly in the winter months. It sits there, not maintained. It is not only an eye sore, it is a blight and a safety hazard. It appears that we have win-win situation, from an investment standpoint and from an economic standpoint. Because the key is that you have the owners of the block ends that want to join the band wagon. It would be a different story if you didn't have that consensus there. When you have the opportunity to involve private investment, public, and RDA funds, to make this happen, this could be the spark for downtown that we need. This could happen soon.

Reece Keener thought it was a great opportunity. He saw the RDA being a facilitator in this case, providing some short term financing to help foster the project. It's terrific that there is a Developer with a proven track record that is on board. Let's give them a little bit of time to see if they can come up with a tenant for this location. It would be terrific to have that entire block end redeveloped.

John Patrick Rice expressed that he felt the same way about it being a terrific opportunity. He had expressed his dismay in the past about how they had abandoned the idea of an Urban Design Overlay, which would have certain requirements that would encourage business on the first floor and residences above. The whole idea of Redevelopment is to have people live, work, and play in downtown. He stated that he had high regard to Meridian Pacific. Mr. Capps has also indicated some interest in it as well. We have two great Developers who have good track records. That gives us some confidence. At the same time we need some assurances that it's going to do what we want redevelopment to do. It seems to be going in the right direction. He would like to be able to hear a little bit more from developers.

Robert Schmidtlein asked what the current foot print of just the corner building was.

Ms. Laughlin said it was about 3,600 square feet.

Mr. Schmidtlein asked what the current balance for the RDA fund was, with uncommitted expenditures.

Scott Wilkinson said the projected balance for the end of this fiscal year was going to be a little over \$850,000. You have committed \$50,000 this year for the Storefront Program and we may do an alley. We will probably have, depending on additional expenditures, somewhere around \$800,000 at the end of this year. Also \$50,000 for the Tower, so $\frac{3}{4}$ of a million would be a safe assumption.

Mr. Schmidtlein mentioned that it is great reassuring us that the potential developers want to move forward if we decide to take out the whole corner. We need to attain the additional properties, but we need more reassurance from the developer's side. If we're going to partner in this role we need everyone on board moving forward. He was hesitant just to dive in, accept the donation, and move forward. He said he needed some more input.

Mr. Keener thought staff was asking for some more time to give developers the chance to be able to vet this thoroughly, be able to shop for tenants, and come up with a proposal based on the financing packages that they can put together.

Ms. Laughlin explained that she reached out to the City of Sparks, they have had this same situation. What they have done is just gone out with an RFQ for developers and provided the information. They were also in the situation where they were donating a portion of the land. As you see from the letters from the adjoining property owners there are options there. One property owner stated that he would be willing to sell his property or be an equity partner in the redevelopment. That information has been provided to the three developers and all three of them have shown interest. It is very enticing to them to have a section of this land for free, if that's what the RDA chooses to do. It's on a busy intersection in the City of Elko and highly visible. Can they find an anchor tenant in the next few months? Ms. Laughlin wasn't sure about that. If they did and had a 20 year lease on the ground floor. They've all three talked about the potential of retail on the main floor, business rental on the second floor, and possibly residential on the third floor, the issue is with current city code, for parking, they would have to provide on-site parking for the residential.

Mr. Rice stated that some of the City Codes aren't friendly to redevelopment. We could examine those codes again.

Ms. Laughlin said they could. Mr. Capps was talking with his potential group of investors, and they were talking about doing underground parking.

Mr. Rice thought that it would be important to a tenant to have on-site parking.

Mr. Wilkinson explained the agenda item is to consider the donation that we have. As Ms. Laughlin has discussed, the developers are looking for some level of certainty coming from RDA, one way or the other, with regard to the offer and how that might play into what they could put together. There is no time limit on the offer, so taking no action just keeps it on the table, or tabling, until the Pescio's decide to do something different with it. That would give

staff and the developers a little more time. Fundamentally, if we accept the offer for donation, we can plan on demolishing the building in order to reduce our liability. Our City Legal Council has offered a legal opinion that brings up some issues with regard to just demolishing that building and how that plays into the neighboring properties. It may be hard to keep the developer's interest going forward. If the donation is not accepted, it would not discourage a developer from reaching out to all the property owners on their own.

Mayor Chris Johnson recommended firming up the details and looking at the building. He then asked if all the buildings on that corner had been addressed.

Ms. Laughlin explained they all had been addressed.

Mayor Johnson asked where the Cucina Fresca used to be located and if it was part of Lipparelli's building.

Ms. Laughlin explained the Cucina Fresca and Mish, Mash, Muddle building was separate from the Lipparelli building.

Mayor Johnson thought they were on the right track and they were doing the best they could. There's nothing that would be anything less than productive, to continue on and maybe send out an RFP under a circumstance of, and then see what developers can bring. It comes back to whether or not an anchor tenant can be found. The details with the adjoining property owners would need to be reaffirmed. Getting into that business we have to be careful, because we have a lot of other projects that are there. He is hesitant to allocate money unless we know what the finished product will be. We know that there is success in Ogden in the organizing of blocks with private property owners. The RDA can continue down that path. It makes sense that as we can combine parcels that creates a better place for success. He is hesitant with a government becoming more involved with a private development and what that causes from a competitive aspect. It's in the best interest of the City to continue on and see what can get organized and if the RDA can be just on the fringe of it, without getting into the liability issues, and it stays all private. That's going to be the best solution.

Mr. Rice thought that as long as they are always making progress. The whole idea of redevelopment and a redevelopment area is Government intervention, to make it big enough to make something happen. We've already made that decision, and we are already involved. To help facilitate it, we don't have the cash we need to do what we would love to see. We need private investors in order to make it happen.

***** A motion was made by Reece Keener, seconded by John Rice to table Item A under Unfinished Business.**

****Motion passed unanimously (4-0)***

Before the vote, and after the motion Mayor Johnson asked if that motion gave enough direction to staff, or if they need to give something more, or if they were bound by the agenda item.

Ms. Laughlin stated they were bound by the agenda item. She will continue to work with the developers on it. You stated that you hoped it would all stay in private hands. She thought that

would make it so the developers are less enticed into taking on this project. They are looking at it as RDA is providing the benefit of bare land to them.

Mayor Johnson thought the motion was correct because they were bound by accepting or denying the donation. As a developer, maybe as you work on that, we can see, under the scenario, if the developer says "Give me bare land." this is what I can do. Those are things he would need to see as far as firming up the details. We need that commitment.

Mr. Rice asked if, at some point, they needed to make a request for proposals, with different scenarios, but not under this agenda item.

Mayor Johnson thought Mr. Rice was right. The agenda items is solely acceptance but staff could move forward and get a new agenda item.

Mr. Rice suggested the development of an agenda item that would give some options for request for proposals with different scenarios. The scenarios are having to do with whether we accept the donation and then we provide this corner of property, or were not involved and the developers work directly with the Pescio's. The more attractive scenario is going to be with our investment. He thought they ought to do it. He just wants some assurances that they're going to get what we want.

Agency voted on the motion.

II. NEW BUSINESS:

A. Review, consideration, and possible approval of the storefront improvement reimbursement program, and matters related thereto. FOR POSSIBLE ACTION

August 9, 2016 meeting, RDA directed staff to establish a Storefront Improvement Reimbursement Program with a maximum annual expenditure of \$50,000 for the first five years, to be reevaluated thereafter. The motion was then amended to direct staff to establish a Storefront Improvement Reimbursement Program with an open price of reimbursement per property owner. The RAC reviewed the Storefront Improvement Reimbursement Program at their October 27, 2016 meeting and made a few minor changes. They recommended the RDA accept the Storefront Improvement Reimbursement Program.

Ms. Laughlin explained that they had six documents included in their packets regarding the Storefront Program. We have spent a tremendous amount of time developing the program guidelines, the application, and everything that went into this. She used a committee of other areas and the Redevelopment Agency of Nevada. The other areas of Nevada have already had successful Storefront Improvement Programs. They provided their information, the lessons they learned, and things that they did and changed. This program was drafted based on what we felt would work for Elko. Legal has reviewed all of it, but they also drafted a Participation Agreement and Notice of Agreement that will be recorded. If you were to approve this grant program we would start reaching out to all of the property owners, of businesses within the Central Business District, and letting them know that the application period would be open, starting January 1st and it would be funded in this upcoming fiscal year. Application period goes

from January to March. The RAC, who would be the review committee, would meet in April and do their review, select the recipients of the grant and the amount of each grant, and then recommend to the RDA for approval.

Mr. Wilkinson added that reimbursement would take place on the back end.

Ms. Laughlin explained that there was an exception if the grant was over \$10,000, then they can ask for reimbursement at 50% completion, but they have to provide receipts that all the work had been paid. It would be on staff, they would be doing inspections and making sure the work has been done.

Mr. Schmidtlein asked what the match was going to be.

Ms. Laughlin said it's a 50/50 match.

Mr. Schmidtlein asked what the maximum was per property.

Ms. Laughlin answered \$25,000, with a minimum of \$5,000, therefore the projects will have to be a minimum of \$10,000.

***** A motion was made by John Rice, seconded by Robert Schmidtlein to accept the Storefront Improvement Grant Program with an application start date of January 1, 2017.**

****Motion passed unanimously. (4-0)***

- B. Review, consideration, and possible approval directing staff to start the process of a Special Assessment District for curb, gutter and sidewalk improvements, and matters related thereto. **FOR POSSIBLE ACTION**

September 22 meeting, RAC considered the options of bonding for the corridor project. They made a motion to forward a recommendation to the RDA against bonding at this time, but would like to pursue other financing options. Staff talked with Nevada State Bank after that meeting regarding the differences between bonding and business loans and reported to the RAC on the October 27, 2016 meeting that the only difference would be the initiation cost of bonding is higher. Discussion continued regarding Special Assessment District for the curb, gutter, and sidewalk for the 400 block of Railroad and Commercial not including the frontage of Nevada State Bank and the 500 block of Commercial Street. The City did a Special Assessment District in 2003-04 for the curb, gutter and sidewalk for the 600 block of Commercial Street.

Ms. Laughlin said the Agency had the information that was provided to the RAC regarding bonding in their packets. RAC felt that bonding was not viable approach to achieving some of the improvements that they would like to see. We also took back to them information in regards to loans instead of bonding and, at that time, they were still interested in looking at the possibility of a special assessment district. It would be for Commercial Street and Railroad Street in the 400 Block, from Nevada State Bank over to Henderson Bank Building on Railroad Street. We've already had the completed sidewalk at Nevada State Bank. It would be all of Commercial Street on the 400 Block and Commercial Street of the 500 Block. Railroad Street of the 500

Block has also already been completed. The 600 Block has been done, it was done with the Special Assessment District. At the time there were only five property owners. They all signed on for the Special Assessment District and three of the five paid it in full within the first year, and the other two financed over 10 years. RAC has directed us to bring it to you just to see if you have any interest. Our next step would be to petition those property owners, and we would have to have 2/3 of the property owners agree. It's a low cost financing tool for property owners. The last time the City paid 1/3 and property owners paid 2/3 of the cost of the sidewalk and the City financed it for 10 years at 5%. This wouldn't be anything that would happen over the next quarter.

Mayor Johnson thought it would be another way of providing the funds to get the infrastructure in place. He then asked if there was a reason to be specific to those two blocks or should the RDA consider all of the corridor.

Ms. Laughlin explained that the RAC has put those blocks as one of their higher priorities in the 30% Corridor Phasing. The funding is not available to do it anytime soon, so the Special Assessment District came up in conversation.

Mayor Johnson thought it could be combined. The RDA could do some of it and then have a Special Assessment District in other areas.

Ms. Laughlin said what the RAC is proposing for project 1 is the block ends. It would be the block end of 5th Street, of the Corridor itself, adding the landscaping and sidewalk. It would also be the block end of 6th Street and the block end of 4th Street. If we were to do those block ends as the RDA project, then could we get the sidewalks done at the same time?

Mayor Johnson thought that was a great idea and it could really make a big difference in having that much more completed at once.

Mr. Wilkinson said they were discussing the 30% Plans, but the Special Assessment District is consistent with the existing RDA Plan. If we amend the RDA Plan with the 30% Plans it would be consistent across the board. If you put a Special Assessment District on smaller areas it might lessen your chances for having a larger one for the entire corridor. Our current plan talked about a variety of funding opportunities, one being a Special Assessment District for the entire corridor. It really has to do with the conditions of the sidewalks today.

Mayor Johnson said that's a whole other point. We need to know and understand more. If the option is there for a Special Assessment District along with the RDA funds, then that could make a bigger difference in being able to complete more of that 30% Plan. He thought that they definitely needed to continue. We are going to find a combination between Special Assessment and RDA. We could find that sweet spot to get the most done in infrastructure.

Ms. Laughlin added that they felt it was a smaller sized project so they could possibly do a lot of the engineering in house.

Mr. Wilkinson verified with Mr. Calder that they believe there can be more than one Special Assessment District. If we did this smaller one and then came back and wanted to do a larger

one, we could still approach it, although people may ask why twice. It might be worth it to just have Ms. Laughlin reach out to the property owners and see how receptive they are.

Mr. Keener asked if the sidewalks on the 400 block would be 20 feet to encourage more on street dining.

Ms. Laughlin said they would be 15 feet deep.

Mr. Wilkinson said they are all 15 feet and we evaluated that and thought 15 feet would be adequate.

Mr. Keener asked if 15 feet was consistent with what was there now. (Correct) He thought it would be really helpful if Ms. Laughlin could make a pitch to the Downtown Business Association and find out what the level of interest would be.

Mr. Rice stated that there is no harm in asking.

***** A motion was made by John Rice, seconded by Reece Keener to direct staff to start the process of the Special Assessment District for curb, gutter, and sidewalk improvements in the areas described in the agenda item.**

****Motion passed. (4-0 Mandy Simons abstained).***

After the motion but before the vote Mayor Johnson added that he thought that was the right decision. The thing that we've been looking at, as far as an RDA goes, is where we want to see Elko in the next 20 years. What is the potential for Elko? Elko is limited because we have a smaller population base. We don't have the advantage that a community that is close to a Big City has, if they redevelop their downtown, they could attract a million people. In the end we just need to continue to work as Elko, as Elko has been successful, and keep infrastructure as best as possible and let the private side go.

Ms. Laughlin said that they have to get 2/3 property owners on board, on the length of the frontage of buildings.

Lee Ray Reece, new property owner in this area, he is in the process of trying to upgrade and fix up his building. One of the issues they are faced with is that they need to make some changes on the sidewalk, because they don't have handicap access. They have problems with the sidewalks as far as tripping. As a property owner, he needs to know if the RDA is going to do this and when. So that he doesn't put out additional money now and then double up in six months to a year.

Agency voted on the motion.

C. Review, consideration, and possible approval of a funding request from Page Investments, LLC, and matters related thereto. **FOR POSSIBLE ACTION**

Ms. Laughlin reiterated a comment made in her memo, this agenda item was not taken to the RAC based on their bylaws, and must be brought to you first. You can remand it back to the

RAC for their recommendation if you feel that's necessary. This proposal is at very little risk to the RDA, due to the fact that they are asking for reimbursement after a Certificate of Occupancy has been issued. If we do make a participation agreement with Page Investments, LLC, they will have to complete the project in order to be reimbursed on the back end of it. It would be similar to the Storefront improvement Program. In the application, from Mr. Lostra, there is an inaccuracy in the possible projected revenue of tax increment, so she wanted to clarify that. Currently they are paying \$106.20 a year, which would be coming to the RDA based on the 23% that is in the fiscal year 2016/2017 tax rate. With the \$850,000 new development it would increase the tax, to the RDA, to \$421.54 a year, in this fiscal year based on this percentage. It would increase the Agency's overall growth. We do recommend that you enter into participation agreement with Page Investments, LLC, it is at your pleasure on the amount of the agreement. It would have a good end benefit and eliminate blight.

Mr. Wilkinson thought it would be important to consider this in context of our Storefront Improvement Program. With that program you're looking at possible participations up to \$25,000 for façade type improvements to a property. This request and proposal is for an entire demolition and construction of new building.

Mr. Rice commented that they were looking at approximately \$40,000 in participation.

Ms. Laughlin said that was what their request was.

Mr. Rice asked what the tax increment return would be.

Ms. Laughlin explained they have 22 years left and it is increasing \$106.20 to \$421.54. It is a 296% growth. You have to remember that that \$850,000 is now going to be added to our entire area's assessed tax value of the entire district, therefore all percentages would go up from this point forward.

Mike Lostra, Lostra Engineering, 930 College Avenue, said they are super excited about this project. Not only does it fit your Master Plan, it also eliminates blight. It is perfect for this type of participation from the RDA. As Mr. Rice eluded, you need developers to come in and increase the property values and a little bit of participation from the RDA would allow this project to happen. Page Investments has a good idea, it fits with the Master Plan turning this mixed-use area into strictly commercial.

Denise Bradshaw explained that Page Investments was a company created by her husband and herself. As you have seen by the packet, produced by Mr. Lostra, they plan on constructing a new office building for her law firm and possibly one other. She believed this project would improve the downtown, remove an area of serious blight, and it sounds like it is consistent with what we're already doing. They hope the RDA is willing to help them make this happen.

Mandy Simons asked if the property was listed as commercial or mixed use in the Master Plan.

Ms. Laughlin said it was mixed use.

Mr. Wilkinson explained that the Commercial Zone supports the mixed use designation. If the RDA were to vote in favor of this, then we would need a contract between the RDA and the applicant in order to execute on the proposal.

Mr. Schmidtlein asked if they would need a time frame.

Mr. Wilkins suggested they consult with the applicant on what their time frame might be. He thought that a commitment with a time frame from the RDA would be appropriate instead of just having it open ended.

Catherine Wines, RAC, asked if it was proposed as multi-story or just single story.

Mr. Lostra said its proposed single story with a basement, but it does have a balcony area.

Mr. Rice thought it was a good project. He didn't know if he was willing to go to the full extent of the \$39,000. Putting into the context of the Storefront Program, he thought that an amount that's in the realm of what a business might be reimbursed for a storefront would not be inappropriate. He would like to put the UDO back in place, but he doesn't want to stop any progress with it not in place. He would like to work with what we have. If we were to go to the full extent of the Storefront Program it would be a \$25,000 RDA investment. That's the top of what we do, which is a pretty good chunk of a \$40,000 bill. We're looking at a \$40,000 project, maybe we should be thinking something around \$15,000 to \$20,000, which is still a good chunk of money. This is what we are investing in, which is not a bad investment at all. We need to move forward and trigger development, and this would be helpful.

Mr. Wilkinson said this proposed development is pretty consistent with what we've seen on the corridors. We are starting to see some of this stuff bear fruit.

Jeff Dalling, Planning Commission, said he's looking at this as a downtown business owner, and he thought it was a great project. He felt on the other project that you were thinking about committing a quarter of a million to just demolish a building. That made no sense to him. With this project they are just asking for help to cover some of the costs. Its only \$40,000, he felt that wasn't a big number, but you already know what you're getting. You're getting a pretty nice law office, they have their own parking, and it's a pretty good deal. He liked it better than the Storefront Program. This is much better because you know what you're buying.

Lina Blohm, RAC, agreed. This is a fabulous project. We are so blessed that we have an investor who is coming in and is willing to do the whole package by themselves. They are just asking for a little concession here. Flexibility, working with business people, and investment is really what redevelopment is all about. She felt this could be a catalyst.

Ms. Simons thought the Agency needed to remember that they always set a precedent, and if there is other demolition that they can now come and ask us and have a reasonable expectation of the same thing. There have been people in the past that have demolished and not gotten any help from the City. It's a great investment, but we just have to be aware that there is going to be a precedence set. Is that something we're willing to do? Is that a program that we want to start?

Mayor Johnson thought the RDA had a million ways to go. We just need to keep on the best path. He thought this project would qualify for the Storefront, so let the Storefront Program provide what it can to help with the project. We have a lot of options of the direction we can go, and we have to stay on track with where we want to be. We have to be cautious, because these funds are limited.

Ms. Laughlin explained that the Storefront Program does not provide for ground up development, so this being ground up development, it is different.

Ms. Simons thought they needed to decide if they wanted a program to do this.

Ms. Laughlin said this is part of the RDA Plan, that we have adopted and this is part of the entire chapter on Participation Agreements and Participation with Property Owners.

Mr. Schmidtlein said they could move forward in a different fashion. He recalled at the Henderson Bank Building they partnered with getting the infrastructure, curb, gutter, and sidewalk improved. Another mechanism for us to look at: we could say we're going to match up the \$25,000 for the storefront, but at the same time, the infrastructure development, we could contribute \$10,000 towards curb, gutter, and sidewalk around the perimeter of the building.

Mr. Rice said he was simply using the Storefront Improvement Program as an example. He is not suggesting taking funding from there. He liked the idea of a certain amount of funding for the demolition and some more assistance in the infrastructure. We set a precedence in 2005, when we passed the Redevelopment Agency. We have already agreed that we want to partner with private development to make things happen. We have a project in front of us that is, like others that we have assisted, going to spur development. As Lina pointed out, it is a little further away from the center of town but were moving in the right direction. He thought that they should invest in it. We could talk about \$20,000 to assist with demolition, and \$10,000 to help with the infrastructure. A \$30,000 investment from the RDA is a good investment. We determined we wanted to go in this direction years ago and when we begin to invest in these things in this way other investors are going to come and see how we can work together. Values are going to go up, in this case four fold, 400% a year. We will see a return on this further down the line that will increase the increment in the same way. We would get, in 22 years, \$10,000 back from increment from this project alone. We're not in this to make money. We're not developers, but were here to help facilitate development. It will pay itself back in a lot of other ways besides that increment as well.

Mr. Wilkinson informed the Agency that staff has a lot of discussions with a lot of different developers along these lines. These agenda items are entirely consistent with the RDA Plan. This is one of the many discussions that has actually materialized into a proposal to RDA. These are great agenda items to have. We're hopeful that there will be many more requests for a small amount of money to eliminate blight and see ground up construction.

Ms. Laughlin pointed out that on the front page of her memo, she took the section out of the RDA Plan that reflects demolition and clearance. It is also clearly stated that it is necessary to carry out the purpose of The Plan. If you recall back to the presentation on the Redevelopment Agency from 2008 to Present, it clearly stated that when you have demolition and ground up

development, that is what we want. This is right along the avenues of The Plan. We are promoting this type of development and we support it.

Mr. Rice asked if we were looking at a \$30,000 total investment, \$20,000 for demo and \$10,000 in infrastructure, could the \$10,000 be in kind.

Mr. Wilkinson stated that it would be complicated with our work force. He wouldn't recommend doing that.

Ms. Simons asked if the Agency wanted to remand this item down to RAC and have them come up with a recommendation of a percentage that they think would be appropriate.

Mr. Rice wasn't confident that the RAC would come back with an answer in a timely manner.

Mayor Johnson disagreed.

Mr. Schmidtlein said that the RAC has changed directions.

Ms. Simons asked if they could give the applicant a time frame.

Mayor Johnson said that it needs to be tied back to the budget. That's the thing that he was concerned about. This is a request that's outside of the budget. The biggest reason he put it in with the Storefront was because we know what that budget amount is. If we feel that these type of projects have merit, then let's get a budget item for them.

Ms. Laughlin said it is part of the budget.

Mayor Johnson asked for clarification.

Ms. Laughlin said that they have a line in the budget this year that clearly states potential projects.

Ms. Simons asked how much was in there.

Ms. Laughlin said it's for anything that comes up that requires funding. It is the balance of the fund.

Mayor Johnson said they needed to get it narrowed down. They left the budget open because they didn't know the exact direction.

Mr. Wilkinson reminded the Agency that staff has been presenting projected revenues and cumulative effects of decisions. We have projected revenues from \$7 Million to \$8.5 Million depending on the growth rate. We are committed to a \$5 Million base budget for the corridor. That is a decision set in concrete. We have \$250,000 for the Storefront over 5 years. We can track that. We have a Million and a half dollars for these type of considerations over the life of the RDA. Our budget this year was pretty general. We would have to wait a year to come back and visit or have the RDA make some type of commitment at the next meeting on a dollar amount that it wants out of this year's budget for this type of consideration.

Mayor Johnson didn't know how else you could do it. There is no way in the world that the City of Elko would operate under this manner. RDA is different because we want to react to a private request. If a request came to the City of Elko the budget would be front and center. That's what we don't have here. He wasn't sure if the RDA was restricted to making changes to the budget once a year. We need to have the flexibility to react to a request, but we better know what effects it would have on the other side. He would go for a motion that approved it coming out of the Storefront budget. Then he would know that the rest of the money would still be set in place. We need to know what effects projects like this will have on the other things they want to see accomplished.

Mr. Rice asked if they could take \$20,000 out of the Storefront project for this.

Mayor Johnson said as a compromise, if you really want to go and have the money allocated and you want to take it off that line item, then he would support that. It fits, and it's too bad this project doesn't fit under the Storefront Program.

Ms. Simons said it seems like they have this wonderful project that fits perfectly in their plan, and so they are trying to find the ground work to support it. We should have had the groundwork set first, since this is the kind of goal we want. It seems like were doing it a little backwards.

Mr. Rice wanted to figure out a way to move this forward.

Mr. Wilkinson said we have action on the Storefront Program, that's committed at \$50,000, we can't compromise that right now. Staff has been considering \$250,000 for the Pescio demolition, and we haven't had this discussion with the RDA that we need to have a budget line item for demolitions. It's new to staff too, that the RDA has this expectation. This is a \$40,000 request towards demolition, we've had several meetings on a \$250,000 demolition and we haven't heard from the RDA that we should have a line item.

Mayor Johnson said they hadn't voted on that yet. He didn't think it was fair to say that just because they haven't talked about a budget line item for demolition. We don't know if there is support for demolition. He isn't sold that the RDA should accept the property. Can we be a catalyst? He sees a path that the RDA can be a catalyst, similar to what Ogden has done, in organizing the private property owners without spending more of staff time. He doesn't think it is unfair to know where this money is coming from. When we had the RAC meeting the RAC came to light of what money is generated from the RDA area. When we first started with the big plan it was a \$15 million project and there was support for that, and we knew that we probably couldn't get there so we narrowed it down to \$5 Million. He thought there was a good argument that \$5 Million is going to be a stretch. That's what was realized at the last RAC meeting, that we have a limited increment of funding that we need to get things done. He's not saying this is a bad way to go, he would just like to know where it's coming off the Budget. We need to step back, take a look at it, make a line item, know what it's going to effect for the next year, and know how to handle the next request.

Mr. Wilkinson suggested they consider tabling this item, and staff can address a more specific budget for the next RDA meeting. It would most likely be after the first of the year, that we could bring that back to the RDA.

Mr. Rice wanted to move this forward somehow, he wanted to be able to approve it tonight. It's a good project and we need to pull the trigger on good projects. He thought that they should table it, and have staff come back, at the next meeting, with a budget plan for how it should work. We have to keep in mind that we're getting a project underway. We need to get projects going.

***** A motion was made by John Rice, seconded by Robert Schmittlein to table, staff knows what we want in regards to budget, some feedback on where the budget would go, and remand this back to RAC.**

**Motion passed unanimously. (5-0)*

Mr. Lostra wanted to make one last comment, on their proposal they asked for a reimbursement, so it would be in the next fiscal year. They would like to tear the building down before the first of the year, just because there are some security concerns. Their planning construction is next summer.

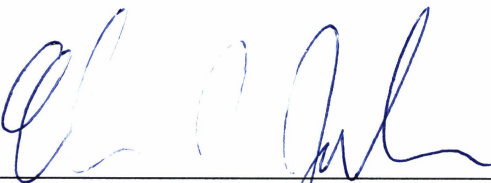
COMMENTS BY THE GENERAL PUBLIC

There were no public comments made at this time.

NOTE: The Chairman or Vice Chairman reserves the right to change the order of the agenda and if the agenda is not completed, to recess the meeting and continue on another specified date and time. Additionally, the Redevelopment Agency reserves the right to combine two or more agenda items, and/or remove an item from the agenda, or delay discussion relating to an item on the agenda at any time.

ADJOURNMENT

There being no further business, the meeting was adjourned.

A handwritten signature in blue ink, appearing to read 'Chris Johnson', is written over a horizontal line.

Mayor Chris J. Johnson, Chairman
Redevelopment Agency