Aldermen

Mayor Dan Coody

City Attorney Kit Williams

City Clerk Sondra Smith

Fayetteville
ARKANSAS

Ward 1 Position 1 - Robert Reynolds
Ward 1 Position 2 - Brenda Thiel
Ward 2 Position 1 - Kyle B. Cook
Ward 2 Position 2 - Don Marr
Ward 3 Position 1 - Robert K. Rhoads
Ward 3 Position 2 - Conrad Odom
Ward 4 Position 1 - Shirley Lucas
Ward 4 Position 2 - Lioneld Jordan

Special City Council Meeting Minutes November 30, 2004

A Special Meeting of the Fayetteville City Council was held on November 30, 2004 at 6:30 p.m. in Room 219 of the City Administration Building located at 113 West Mountain Street, Fayetteville, Arkansas.

Mayor Coody called the meeting to order.

PRESENT: Alderman Reynolds, Cook, Marr, Rhoads, Odom, Lucas, Jordan, Mayor Coody, City Attorney Kit Williams, City Clerk Sondra Smith, Staff, Press, and Audience.

ABSENT: Alderman Thiel

Pledge of Allegiance

Mayor: I want to add something to the agenda tonight so we'll need to suspend the rules and add this ordinance to the agenda for tonight's meeting. I entertain a motion to suspend the rules.

Alderman Lucas moved to add the Highway 71 East Square Redevelopment District Project Plan Adoption Ordinance to the Agenda. Alderman Reynolds seconded the motion.

Mayor: And we have a motion and second to suspend the rules and add the ordinance for the TIF to the agenda. Shall the motion pass?

Upon roll call the motion passed 7-0. Alderman Thiel was absent.

Highway 71 East Square Redevelopment District Project Plan Adoption: An ordinance adopting the Project Plan for the Highway 71 East Square Redevelopment District, finding the Plan is economically feasible and authorizing the issuance of Tax Increment Financing Bonds to fund the improvements outlined in the plan.

Mr. Williams read the ordinance

A Public Hearing on the Proposed Project Plan for the Highway 71 East Square Redevelopment District Number One: A Public Hearing to allow all members of the public and representatives of taxing entities to present their views on the proposed project plan for the Highway 71 East Square Redevelopment District Number One.

Mayor Coody: Thank you very much. Do we have any comments on the ordinance that was just read?

We have a public hearing tonight and as people come up to speak about this I am going to ask everyone to please sign in since this is a formal public hearing process.

Now then we want to hear a presentation from Mr. Earnest to open up the conversation.

Hugh Earnest: Thank you Mr. Mayor and members of the Council. As you know city staff has been working since last summer with a very committed team of developers on a project that all parties have recognized as difficult and time consuming. This project which you will be accepting public comment on tonight has had as its primary focus the removal of an acknowledged blight namely the long abandoned Mountain Inn.

In addition, as funding is available the project plan recommends a series of streetscape improvements within the district itself. The staff is recommending the adoption of the project plan copies of which has been available for two weeks for public consumption and has been furnished to all members of the Council.

The plan itself consists of two phases listed on page 14 of the plan. Phase I is the Process of Removing Blight in the former Mountain Inn area and it's something that we call the catalyst project in this $3,500,000.00 based on 2004 dollars.

Phase II, Cityscape Improvements will be a ten year project for $7,116,000.00. The project plan anticipates, at lease before amendments that the Council can make at anytime during the process, $10,616,000.00.

As we stated in the transmittal letter to you we've asked Mr. Bob Wright from Crews & Associates to attend tonight's meeting. He has a brief statement for the record that he read and is prepared to answer any and all questions relative to where we stand relative to financing. However before he talks I've asked Mr. John Nock to briefly cover Phase I of the project plan.

Phase I is what we call in the catalyst project which is the activities associated with the removal of the Mountain Inn. Tim Conklin will briefly summarize Phase II and then we'll ask Mr. Wright to be available to answer any and all questions and obviously I hope there are some comments from the public.

John Nock: Thank you. The project plan coincides with the public discussions that happened several months ago. As you have had an opportunity to read the items listed in here this outlines both Phase I and Phase II. I've been asked to talk to you little bit about the removal of blight. What we have looked at is only those issues that will be of public nature for the proposed project. Although we are referring to the new project of 22.5 million dollars as being the catalyst project, 3.5 million dollars will be to remove the blight, acquisition costs and other necessary sight expenditures. You can look in the project plan on page 5 through page 10 to see how that is set up. I won't go through all those details. It certainly is available for the public to read as well. I wanted to point out just a couple of points starting on page 8. I'd like to read from a statute that says: redevelopment project needs undertaking for eliminating or preventing the development or spread of slums or deteriorating or blighted areas, for discouraging the loss of commerce, industry or employment or the increasing or any combination thereof.

What we are referring to as the catalyst project or removal of the blight in the redevelopment of the Mountain Inn site included some of the things that you've read in the press before. Let me just address them again.

We are anticipating a 144 room hotel with 12,500 square feet of meeting space. We're talking about three floors of condominiums for private residential use. We also have the plans to build a parking structure on the site of the existing parking structure from adjoining areas so that it will be functional. Currently it is designed as a motor lodge and you have to drive into the existing structure to get into the existing parking deck. Obviously that will change when we bring down the existing addition to the Mountain Inn that currently exists on the corner of College and Mountain. The new parking deck is anticipated to have approximately 350 spaces.

We are also talking about the removal of certain environmental concerns that are in the air. We've had several professional outfits come in to look at what needs to be done for remediation of asbestos and other environmental hazards that exist in the building as well as other materials that are classified to go into a Class Four landfill. We've had to certainly make sure of that.

You can see on page 9 the expenditures how they're listed in the property assembly cost. You can also see the demolishing of site preparation that is being used here as well.

On page 10 you can see an aerial photograph of how this works with the meeting facilities on the corner of Center and College and then you can see the existing hotel will be torn down on the corner and the new main building will be built on that corner site.

The direct economic impacts are also outlined on page 10 which are important to point out. Its determined that approximately 125 permanent new jobs will be created in connection with the catalyst project and construction jobs are estimated at 55 in the local market alone. There would also be an increase in demand of consumer goods during the construction period. This will improve property values upon removal of the blight. This will be a tourist attraction and will draw tourist dollars to Fayetteville, the convention meeting spaces will attract additional conventions, increase the catalyst for additional redevelopment along College/Archibald Yell Streets. It will promote additional downtown living thereby adding vitality to Fayetteville's downtown economy and then of course two specific numbers, new tax revenues estimated on this project alone of $153,000.00 in sales tax a year and under HMR an approximate $60,000.00 estimated annually as well.

In our portion of the project plan we have had quite a bit of impact from not only professionals but city staff as well as the city attorney to make sure that we were in compliance with the statute, not only the letter of law as outlined in the Tax Increment Financing but also what has been referred to in the media as the spirit of the law. That was in fact the removal of blight and being able to promote again a quality of life that Fayetteville has gained the reputation to have. We appreciate the opportunity to be involved with the plan and are certainly available for any comments or questions.

Mayor Coody: Thank you.

Tim Conklin: Mayor, members of the Council. I'll briefly go over the public improvement or the Phase II portion of this project plan. City staff looked at Dickson Street as a guide or a model to look at where we would enhance our streetscape within our downtown TIF area.

If you'll look at page 13 we have a couple of maps there showing which streets would be enhanced. Looking at the table, College Avenue, Mountain to Maple, Center Street, College to East Mountain Street, College to East, the downtown square which is in need of repair of the deteriorating sidewalks, Block Avenue, Center to Spring and Block Avenue does end at Spring Street because that is where the project boundary ends as part of this 71 East Square TIF.

Staff is working on an additional TIF district for the remainder of the Downtown Master Plan area that portion of Block Street would be picked up within that potential TIF if City Council approves that plan, also School Avenue and Prairie to our TIF boundary. So we have improvements once again based on using Dickson Street as a model looking at street trees, street lighting, replacement of curb and gutter, replacement of sidewalks, overlay of the streets where necessary up around where the Mountain Inn project will be constructed, around the square, down Block Street and up College Avenue to Maple.

In the south part of the TIF district we are looking at how to enhance that entry way into our downtown and that is on School Avenue south of Sixth Street and up north to where we recently did the major intersection realignment and enhancement project on School and Archibald Yell.

Estimated project cost is $6,696,000.00. Those are the public improvements that would be Phase II as part of this project plan. Thank you.

Bob Wright: Good evening. I'm Bob Wright with Crews & Associates of Little Rock. As you're probably aware we've been retained as financial advisor on this TIF project for the City of Fayetteville.

This is the first opportunity I've had to come before you as a full Council to give you an update as to what we've been doing. Rest assured that we have been working numerous untold hours and dozens of meetings with the Mayor, staff, the developers and your bond counsel in Little Rock in getting to this point to present this project plan.

I've handed out a memo basically for the record giving you an update where we stand. Part of the project plan and part of the difficulty in presenting the plan is coming up with the financial section, the financing that we were looking at. We're currently working the City of Rogers on their big TIF plan and are going to be presenting that project plan in a couple of weeks. We've already done that for the City of Jonesboro. We're acting in the same capacity. We're also working with North Little Rock. So I'm very involved with the process of getting to this point of presenting the plan. It's difficult to get an accurate gauge of what the financial package is going to look like because we're looking at a number of months into the future.

We are very comfortable in the fact that we think we can get the Phase I as has been talked about tonight, the catalyst, get that financed. We don't see that that's going to be a problem in the very near future. We're continuing to analysis numerous other financial scenarios, revenue projections and such to look and see about Phase II when that might come about with the available revenues and such. We think that at your meeting on the 21st of December, we should be able to come back with what we think is a pretty detailed projected plan of what Phase I financing will look like and possible Phase II series of financings in the future.

I certainly would like to answer any questions tonight from you or the public, and then certainly plan to be back in two or three weeks at your regular Council meeting to give a further update. That's what we're looking at.

Mayor Coody: I want to ask a couple of quick questions or two. To outline the perimeters which you used to come up with these figures, how would you describe your perspective when you put together this, especially the Phase I part, the $3.5 million dollars? How conservative were you when you came up with these figures.

Mr. Wright: This is the process we're in. We've got to be extremely conservative in making our projections. I know that what is in the project plan one scenario we've studied in depth might provide upwards of six, six and half million dollars in available proceeds to date, but there are numerous other factors that come into that. We take the conservative, the ultra conservative approach in coming to you tonight to say we think we're comfortable with the 3.5 million dollars to get the catalyst done but we think we need to be cautious in moving forward on Phase II to make sure we get the most efficient structure in place, not only for today but long term. For this we're looking for the life of the TIF and we need to maximize what's available out there. To get all the bonds paid off as soon as possible we have to mix all that in the best possible way for the City of Fayetteville. So to answer your question, we've been very cautious. That's why we're saying right now, Phase I is probably what we need to be focusing on and come back at a later date and start looking at the Phase II opportunities.

Mayor Coody: So as I understand from earlier conversations I want the Council, the public and everyone at home that is interested in this to be aware of how conservative this budgeting process was, or this projection was. These were based on, and I want you to explain, you'll explain better than I, the fact, the projections were based on the assumptions that this project didn't spur development and that we basically just capitalized on the same rate of growth we've experienced with no real spurt of growth involved with this. Isn't that right?

Mr. Wright: Exactly. Part of the project plan you'll see is an analysis from the Sam Walton School of Business. They've done the revenue projections and the projected growth of the property value within the TIF district. What is not included in those projections are namely the Phase I, the catalyst Mountain Inn project, approximately a $22 million dollar project that will almost immediately when built generate tax revenues to go towards paying back future debt, not included is the new building going in on College Avenue. Everything else that is in the district that is planned or currently in the process which is upwards in 60 million dollars, all the revenues that are going to be generated from that are not being used in our calculations toward begin able to fund Phase I and Phase II. You never know what the future holds so you're not really sure if the Mountain Inn project gets delayed six months or a year and you've based your calculations on that being in place on a specific date that's where you run into some difficulties so we take the cautious approach. We don't include any of these projects at this point. We will certainly add them in to do some revenue calculations, some possibilities to come back to you and to say if this holds true this is what we're looking at. That's the same thing we did at Rogers. If a billion dollars worth of projects over the next four years come into play we're going to do 60 million dollars worth of debt. So you really have to plan, what do we have in place, let's use the growth that's existing now and take that conservative approach then if these projects come in line which we expect, here's what will possibly happen, here's how the debt will pay off, here's the other phases that we can bring on line at some point in the future.

Mayor Coody: Okay. Do we have any questions from the Council?

Alderman Marr: I have some questions. I want to make sure I understood your comments. So you're using exactly the same methodology for this that you used in Rogers. This ultra conservatisms that you're talking about in terms of these projections because the article in the paper and the information that's out today on the Rogers' TIF certainly doesn't say that it would be an ultra-conservative approach. They're using the development community feedback in anticipated growth of those projects but I'm hearing from you we are not doing that. Why is it? It appears to be different.

Mr. Wright: It is. Rogers and Fayetteville as far as looking at the financing opportunities is totally night and day.

Fayetteville, the revenue projections that we've got right now are based on the current value of the TIF district which is 16.6 million dollars as the base value and then the growth that has occurred in the TIF district over time will generate these excess revenues that will be applied to debt. One of the problems that we face on these projects, unlike Rogers, we've got one, two maybe three major projects coming into the TIF district that we know will generate revenues. The timing of those is a little bit questionable. When is the old library going to be done? When is the Mountain Inn project going to be done? So when are those revenues coming in? We can make projections but again if we miss that by 6 to 9 to 12 months, the area projections are off as far as the financing.

Regarding Rogers it didn't get into the paper, as far as what I talked with the reporter for over an hour yesterday, we took an extremely conservative approach there as well. But it is different in that we are not looking at the growth of Rogers; we're looking at these developers say that a billion dollars worth of projects are coming in over a four year period. We're not doing all that financing from day one. We're doing financing in 2005 based on what is already being built and will be completed in 2005. So we know that we've got a captured value that will generate revenue by October 15th of 2007. There's my revenue stream and off I go. That's already being built.

Here is the Fayetteville TIF area we're using the growth of the district itself but again since we don't have a date certain on the Mountain Inn as far as when it's going to be built. I don't have a date certain on the library, I don't have a date certain on the project on College and those are the three to my knowledge, the three big projects coming in at this point. That's why we have not used those calculations as far as a revenue generating source. Unlike Rogers where we know something is going to be built in 2005, in 2006, etc.

Alderman Marr: If you did have a date certain, if they were on the same 2007 plan that if we were in Rogers, let's say that we had that information. Would you're expectation be the same that we'd only feel secure about the first 3.5 million and not the total.

Mr. Wright: If we knew the Mountain Inn was coming and would be completed in 2005 for instance, so we'd have revenues in 2007, then sure we could look at a much more secure financing for the 3.5 million dollars potentially adding in a smaller increment above that to start in some streetscape and landscaping and such. But also our calculations would say, we could come back in three or four years and do an additional series of bonds to start in on Phases II streetscape and such like that.

So as we stand here tonight as we don't know that date certain. John and Rich can address that they are a lot more certain as when they expect that to come in. But that process is still ongoing that's why we've not included that in the revenue projects to give you a false hope that we going to come in with 6 or 7 million dollars worth of debt right now and you can do all the streetscape today. Whereas we truly feel the conservative approach, we're probably looking at Phase II a couple of years down the road.

Alderman Marr: May I ask one more question. The six million dollar portion of this is in today's dollars.

Mr. Wright: That's correct. The six million in streetscape in Phase II is in today's dollars, you're correct.

Alderman Rhoads: For some reason the Mountain Inn project does not get built as currently planned and the City razes that property, then do you believe that that property has a certain value to it that can be built within the life of this, within the next 25 years and take care of the needs to service the bond.

Mr. Wright: Do I think that the property as what's being proposed, the hotel condominium?

Alderman Rhoads: Does not get built for some reason.

Mr. Wright: Does the TIF itself have the economic ability to handle the debt? Yes, without the Mountain Inn project, yes.

Alderman Rhoads: If the current project doesn't get built but some other project of a similar nature then that's just gravy?

Mr. Wright: Then that's just gravy and that's why we're presenting tonight, it is uncertain. I'm not on the hotel financing side even though we've done some hotel financing. We've done the Hilton which was a shutdown hotel in Little Rock, we've done the financing. I know what is involved in getting those done, it's a difficult process. They've put their time in. They've been working on that but since that is uncertain I want to make sure that getting that blighted area out of there in that catalyst to get that property cleared can still maintain and amortize itself without this 20 million dollars, 22 million dollars project sitting on top. So it's not contingent upon that project. It's not contingent upon the library or the other project on College. It's contingent on what's there now. The historical growth that's there based on what the school is telling us that's presented. I've already gotten that schedule into our computer and been running some stress tests on that as far as property growth to see what happens to the debt if it goes at eight percent or six percent annual growth for twenty something years instead of the projected nine something percent growth as has been historical. We'd be doing all those stress tests to make sure that no matter how we look into that crystal ball, no matter what happens without these other projects, this 3.5 million dollars to secure that site and demolish it, get it out of here is going to be a very secure financing for the City of Fayetteville. That's what we're here for and as you said those projects that come on and generate additional revenues a lot quicker than what we're projecting then that's gravy. We're doing Phase II a lot quicker if it generates even more than we're anticipating we can do further projects over and above what we're looking at. But at that point it will be up to the Council's desire, do you want to get the debt out of the way or close the TIF down or do you what to do additional projects. That's a question to be answered in 20 years.

Mayor Coody: I don't think there will be any of us of up here answering that question 20 years from now. Any other questions for Mr. Wright. Thank you very much.

Mr. Wright: I appreciate ya'll.

Mayor Coody: Anyone from the public want to comment on this? I might ask you to sign in please. How are you tonight Linda.

Linda Ralston: Good evening. Thinking topical tonight. Staying warm. Linda Ralston. I've been following the TIF process I guess since we've kind of started all this. I guess I'm still feeling a little uneasy about how things kind of work and I know this is new for all of us.

Needless to say I'm a little concerned just jumping ahead. I know you all are going to be talking about the second TIF district in a couple of weeks and I'd like to see if this one works first.

I know things will be changing at the legislature potentially so there seems to be a big rush and again I'm feeling a certain amount of discomfort. I wrote down a couple of thoughts that maybe someone can answer.

I came in a couple of minutes late so I may have missed this. If it could be clarified as to how the razing of the building actually happens. I was still unclear as to where that money, I guess it is all a matter of timing. I'm concerned if the City will be out any money, do we own it? I think we've had this dialogue before, Kit. Do we have to buy the property and then we raze it as a City and then the developers buy it back and there's some puzzle pieces in here I know that are quite intricate. I was just wondering if there is any potential for the City to fall into a gap of timing, of financing as things move forward. So if there is anyone that can comment to that.

Mayor Coody: I think Kit would probably be the one to comment on that.

Kit Williams: My understanding would be that none of the purchases or demolishing or anything like that would be done until the City has received the money from Tax Incremental Financing Bonds that 3.5 million dollars that was just spoken about. There is a bucket in the plan to purchase the property and to demolish the property within this 3.5 million dollars.

At that point, as you say, I think you encapsulated it pretty well, the City would then sell the property at an appraised price to the developer so that they could then build their project.

Ms. Ralston: I know before it was mentioned that maybe it could be a Holiday Inn Crown Plaza and in talking to one of the developers that would probably not be the case. The Crown Plaza and Holiday Inn has certain guidelines that would not allow for condominiums up on top or other special things that will make this property more unique and special then maybe the next Crown Plaza might be.

Also in reading tonight's paper it talks about allocating money that involves 71 Business and maybe I need to learn more about the highway department and how that money gets allocated. I know we can include it in the plan but does the diversion of the tax money actually go to pay part of or all of?

Mayor Coody: As we've been talking about Phase I and Phase II. Phase I is basically just the structural building part of the Mountain Inn and the surrounding building to take those down.

Phase II would we the public domain improvements, that would be streetscape, sidewalks, street planning, landscaping, water/sewer lines. All the public domain will be Phase II.

Phase I is something that we can do right away. As you heard the ultra conservative approach that our bond counsel took to make sure that Phase I would pay for itself even the worse case scenario it would cover its notes adequately. Then we would see if things improve or if things go as well as we expect then we would have money to do Phase II which would be the public domain improvements.

To do improvements to College Avenue for example, we work well with the highway department. We would be able to use some of this Tax Increment Financing money to improve parts of College Avenue, along the sidewalks, in the surrounding environs of the project, trees, sidewalks, all that.

So it would be Phase I now and Phase II in the near future or some time in the near future.

Ms. Ralston: Which can be confusing as you all know because we went through out first public hearing and in my mind I labeled that kind of Phase I. Now we're talking Phase I and Phase II as far as Phase II is concerned maybe.

This is actually Phase II that we're in right now, right?

Mayor Coody: No. Phase I would be the first thing we would do that would be just the Mountain Inn building project and the buildings adjacent to it, adjoining it.

Ms. Ralston: Okay.

Alderman Marr: Mayor I think what she is referring to is that the first step was to establish the boundary which we did.

Ms. Ralston: Right.

Alderman Marr: The second step is to approve the plan which is where we are and the plan has two phases.

Mayor Coody: Is that right. Oh, excuse me.

Ms. Ralston: So anyway I noticed again the eminent domain, I know that's not part of what we're talking about tonight. One more questions though and I'll take my seat on this one.

I've left a message before in regards, actually I called John Nock's office, I've had a financial background and I was just curious as to how monies get paid commission wise on the financial package? As we put all these in the new market tax credits how do the monies actually get paid commission wise for any of our advisors, even Mr. Nock. I was curious on that, maybe they can address that. Thank you.

Mayor Coody: Mr. Wright, where are you. Why don't you address the last question please.

Mr. Wright: From my perspective acting as financial advisor for the City of Fayetteville you're getting a pretty good deal. It's actually not charging them anything with all the hours we've put into it, there has been no costs. The city staff asked me to put together an engagement letter for what I thought the time cost would be. I offered up our services just knowing the importance of this and all the time and effort needed for this, we don't need to get sticklers for a couple thousand dollars here and there.

If there are TIF bonds issued at that point, an underwriter fee would be paid to the underwriter which the City would engage us or whomever to act as underwriter for the bond issue. The fees would be built into the bond issue itself. As far as the new market tax credits I would have to ask Mr. Nock to answer that, but all of the services up to this point and going forward even if this project doesn't work is not going to cost the City anything.

Mayor Coody: Does that answer your questions Linda?

Ms. Ralston: I would love to hear Mr. Nock's comments.

Mr. Nock: It maybe difficult to understand it, even though I am an investment banker by professional I'm acting as a developer of this project and so any advice that I give to my partners or things that I say to the City that maybe related to public finance those are all free dollars. Sometimes you might get what you pay for. Whatever I might do working with Crews & Associates, helping them and making suggestions that is simply my role as a developer.

New market tax credits. We are the recipients of new market tax credits therefore those go into the project and there are no fees that are paid by either principle or agent. Those are given to CDE's, in our case it's the Heartland Renaissance Fund in Little Rock.

Mayor Coody: Define CDE's please.

Mr. Nock: Community Development Enterprise which is a federally recognized organization that distributes new market tax credits from the Treasure Department. We have no direct connection with those except hopefully getting the benefit of having the project built and making a long term success out of it and making money. As far as fees, we act as principle as developers thereby taking a risk on the project but it should not be misconstrued with my other activities as an investment banker. To other cities and other activities I am not an investment banker, financial advisor or underwriter for the City of Fayetteville. None of those things do I act in. Its simply that I do that in my profession and certainly comes into play on occasion to be able to talk the same language that those that are called to be professionals and hired to be professionals by the City that they know those things and that I would talk about as well. Any other questions?

Mayor Coody: Does that answer your question Linda? Does anyone else have any questions for anyone that we've heard from so far. Anyone else in the public want to address us on this? How are you Alan?

Alan Ostner: Hi, I'm Alan Ostner, 312 S. Block, I'm here as a resident, I'm within the TIF boundary. Some of the things I've heard tonight really put me at ease as Ms. Ralston mentioned the ability of the governing body, probably not you all, but the ability of this body to declare eminent domain with a development scares me and it scares most of the people that I live near in the neighborhood. As Mr. Williams was reading at the beginning of the meeting the actual ordinance we're considering, said that no persons are intended to be displaced. That sets me at ease, that it is being put down as a rule that is not what you are here to do. That's the first thing I wanted to talk about.

The other items are very rudimentary. They have nothing to do with financing. As a neighbor of the TIF district, the parking structure that will be in the hotel I'm wondering who can park there? Is it only the hotel occupants, is it only the downtown consumers or visitors or is it somewhat a public facility open to the neighborhood or the downtown area to use? I know it's a private parking deck but I was just wondering what the plans were for that. I know a lot of people who live down here that are interested too and a lot of people who work down here.

The other question I had was on Phase II any kind of projected time line or at the very least a prioritized list of the street improvements, trees, lights, all the things on that list. When the debt service gets satisfied on Phase I and it comes around for Phase II, what's first? Which areas are going to get worked on first? That was my question on that item.

I'm sorry I had another question. I was very pleased to hear that the numbers from Crews & Associates were so conservative and please correct me if I'm wrong, they are so conservative that are basically based on the Mountain Inn not getting built. The replaced Mountain Inn? Was I clear on that?

Mayor Coody: Yes.

Mr. Ostner: I think that was good prudent financial planning. It must be awkward for Mr. Nock to deal with this situation and plan on his project failing and I applaud you for that. It's almost like buying insurance.

Mayor Coody: I don't think he's planning to fail.

Mr. Ostner: Of course not but that's what that conversation had to be about. I wanted to ask, the numbers again, Phase I is listed at 3.5 million dollars and if I understand that, basically the City would purchase the Mountain Inn building, destroy it, and sell a vacate lot to the developer for the appraised value at that time.

Mayor Coody: Yes.

Mr. Ostner: Is that the way it's going to work?

Kit Williams: Oh no, actually we're going to be buying four buildings, the Courts Building, the Mountain Inn, the Redbird and the former Niblock Law Office. So there would be four properties that would be purchased not just one.

Mr. Ostner: The building that they mentioned was going to be the Community Room or the Community Facility was going to be located on the corner of Center and College?

Mr. Wright: Meeting.

Mr. Ostner: Meeting Room, is that the entire building that looks a little bit different from the other buildings? I didn't know that the Mountain Inn went all the way to Center Street. I didn't know this project that the City was looking to demolish went all the way from Mountain to Center. So I was glad to hear that. I think that whole property could use redevelopment.

Thank you for hearing me and I appreciate you efforts.

Mayor Coody: Thank you very much. Mr. Nock I might ask you to respond about the availability of the parking deck to different folks.

John Nock: The parking deck will be built by private funds. We anticipate it being used for multi-purposes including the obvious hotel guests but also we're looking at this facility being adjunct to the Town Center so there would be shared parking between convention facilities to be done here at the City of Fayetteville. Those events will be coordinated with both A&P and the existing Radisson operation as well as residential folks that are going to live in the condominium areas and not in just the new development but also the surrounding areas. Keep in mind the dollars from the Tax Increment Financing is going to build the parking deck that is being built from private sources. However it is important to note that we will have retail shops as part of the project. Those that coming to other spots along that retail corridor, there are some great shops in that area that currently exist right now and I've personally had conversations with those store keepers and they are quite anxious for opportunities where they can get additional parking. Certainly our idea is to do an economic model that also facilitates what's going on in the downtown area.

I think specifically the question was asked can anyone use the parking deck and I think we certainly want as much activity in that area so it's economically viable. You want people to come there, you want people to shop there, you want people that stay at the hotel to utilize it and you want people that are going to live there to have places to park. So it's going to be all of the above. Will it be free parking for anyone to do what ever they want to on or will it be all paid parking? We have completely not determined whether that it is going to be but certainly we have an economic model built upon it. Does that answer that question?

Alderman Rhoads: How many condos in total.

Mr. Nock: We have three floors of condos. Each floor is approximately 9,600 square feet some of the condos maybe larger. There may be some that 1,500 and there are others that may be as much as 4,500 square feet of space.

We originally had talked about between 15 to 18 condos as it turns out there may be less or more than that based upon the pre-sales.

Mayor Coody: Anything else? Thank you, John. Tim or Hugh do you have an answer for the second question which was the time frame and the plan for Phase II.

Tim Conklin: I think that's going to dependent on what happens with our current transportation bill. One of the questions talked about was highway funding and everybody probably read in the newspaper about the earmarks. Just as we experienced on Dickson Street even with that funding, that 1.5 million dollars, we still put in approximately 3 million dollars into that project. So depending on phasing and what funding comes in from the federal level I think it is going to depend on how fast we pursue these projects. With regard to prioritizing individual projects we've put a list of projects in here. As we talked earlier today with our financial consultant, it's going to depend on how fast the bonds, the debt gets retired and how much increment yield is available for additional bond financing. Based on what happens in our downtown will allow us to do more or less of these projects. So that's really not a clear answer of this street is going to be first or this but I think when we see what happens in our downtown area and the Mountain Inn gets replaced and other building occurs it's going to allow us to do more projects quicker.

Staff looked what were the principle projects within this area that we would recommend to the Council, of course the Council will have to approve these projects as they come forth.

Mayor Coody: Alan does that answer your questions? Anyone else have anything for us tonight? We'll close the public hearing then.

We have, what's the order of business here? What do we need to do next?

Alderman Rhoads: Discuss it among ourselves.

Kit Williams: I think that will probably conclude our business. We should remind everyone though that this ordinance will be on its second reading at our next City Council meeting which is next Tuesday, our first regular meeting in December.

Mayor Coody: Since this is a public hearing would we not go to an internal discussion with the City Council?

Kit Williams: We certainly can.

Mayor Coody: Anyone have anything to add or subtract from the conversations.

Alderman Rhoads: Real quick on parking. Does anyone know what the capacity of the parking deck is at the Town Center and at the Radisson? Just rough numbers.

Hugh Earnest: We'll get that information for you. I want to say 300 and something but that's a guess.

Alderman Rhoads: In total or each.

Hugh Earnest: I don't know.

Alderman Rhoads: How much retail space will be in yours?

Richard Alexander: We haven't decided on that. It depends on how much ground floor the hotel needs to take. We want to build enough parking to satisfy the requirements of whoever our hotelier is. They will have a requirement and of course we want to have enough for our tenants. We anticipate from our economic model to have parking available for the businesses, law firms, etc.

Kit Williams: Rick you probably need to come up to the mike so that we can hear you.

Richard Alexander: We anticipate about 350 spaces. The hotel will have a requirement, we're talking to different hoteliers, they'll have requirements and that will take up so much of parking. We hope to have additional parking, after we take care of tenants, to also be available to the public for rent or lease.

Alderman Rhoads: I was doing rough numbers. Parking is a big issue around this town. The way I calculated it once you take out the no vacancies at the hotel plus what the condo folks would use and then some retail I think you're still going have 150 spaces for law firms or other people in the community to use..

Richard Alexander: Exactly.

Alderman Rhoads: If I'm wrong, I hope I'm not wrong but if I'm wrong, I hope you'll let me know.

Richard Alexander: Yes, I think that's accurate. I don't know whether it will be exactly 150 spaces but it might be anywhere between 100 and 150. Our plan has always been to build more than we must need for the hotel and condominiums. Basically a public parking deck.

Alderman Rhoads: I hope that's further comfort to Mr. Ostner. Okay. Thank you.

Mayor Coody: Anyone else? Yes, sir.

Alderman Jordan: The 125 jobs, John maybe you can answer this. We're talking about 125 new jobs.

Mr. Nock: Yes.

Alderman Jordan: Can you tell me what type of jobs those will be.

Mr. Nock: Yeah, let me give you a little background on that. Part of this process was dealing with hoteliers, those that are actually in business to run hotels and those numbers came from one of the consultants that we've been using for the last three years.

It was actually almost exactly to the money that another consultant have given to Mrs. Moga who had worked on this project before us. The makeup is about half of that are fulltime employees, that means that they are receiving 40 hours of work as either a paid or salaried employee. You will have about 10% of them that will be management and then you will have a fair amount of them that will be in the service sector as well. So from that 125 you're going to have any where, that doesn't just include the hotel, and the service sector that goes with that but it also includes the restaurants as well other secondary pieces that are connected to the facility.

Alderman Jordan: I guess my next question would be then, what do you think would be the average pay. Have there been any studies done on that about the types of jobs and what they will pay. I certainly don't want people working for low wages.

Mr. Nock: I don't know the average on that but I can tell you we investigated multiple facilities around the country from other hoteliers because that was one of the first things that we wanted to look at, what kind of operation. Some of the facilities in the northeast certainly have a different pay scale then those that we looked at in the Texas market for instance.

However there are some pretty strong industry standards, from what I understand that if you're going to be moving to management you get that regardless of whether you're in Arkansas or whether you're in Florida, those are going to be comparable to industry standards. I would only be guessing to tell you what those are but we could certainly find that out.

Alderman Jordan: I wish you would find that out for me. I would appreciate that.

Mr. Nock: It's readily available information.

Alderman Jordan: Richard do you have an answer for me.

Richard Alexander: I think I can answer that because I have a hotel. You're talking about jobs ranging from $18,000 to $100,000, from entry level, waiters, waitress, housekeepers, caterers, banquet managers, banquet facility people, restaurant managers, hotel managers, assistance managers, parking lot attendants, all those kind of jobs. At Carnell Hall we're running a pay scale from about $18,000 to $60,000 but we're a 50 room hotel. We have about 50 people on staff, some of them are part-time a lot of them are wait staff and students. They're not all full-time but then we have our housekeepers, managers, chefs, and kitchen help that are all full-time.

Alderman Jordan: So we can assume that a worker can start at say $18,000 or there about?

Richard Alexander: There again it depends on if they are half-time. I think that's probably about the range you're talking about. Because of the tipping nature of the restaurant business I don't how you know what a waiter, waitress' wage is, it's probably minimum wage by definition but they make tips so I don't know how you figure that out.

Alderman Jordan: Also my next question is that I believe that I saw that we have several vacate lots or vacate property?

Richard Alexander: I did a rough estimate, I think there is roughly probably 200,000 square feet of vacate space on that side right now.

Alderman Jordan: What do you think could be done with that? I know that we're projecting down the road.

Richard Alexander: We're talking about developing most of it in this project.

Alderman Jordan: In the businesses?

Richard Alexander: Yeah, in the businesses. I think that the buildings adjacent to this project will come back to life because there will be life in the area and then across the street both ways once you bring life back there I think those buildings will fill back up. We don't intend to develop all of them but I've heard people making plans on the basis of this project coming in that those buildings will take on new life. Currently they're either vacant, we probably have 200,000 square feet of vacate and you probably have 100,000 square feet of under utilized. In other words, very, very low rents that really aren't a good economic model right now but they'll come back to life when you put life in that area again I believe.

Alderman Jordan: Okay. That's all I have.

Mayor Coody: Anything else. Alright, if there's no other further public comment or other City Council comment we will adjourn tonight's meeting and we'll see you at the next City Council meeting. Thank you very much.

Meeting Adjourned at 7:30 PM

Sondra Smith

Sondra Smith, City Clerk/Treasurer

Dan Coody

Dan Coody, Mayor