

**DOUGLAS CITY COUNCIL
SPECIAL MEETING MINUTES
SEPTEMBER 21, 2009**

The City of Douglas Mayor and Council met in a Special Meeting on Monday, September 21, 2009, at 5:30 p.m. in the Council Chamber of City Hall – 425 Tenth Street. The Honorable Mayor Gomez called the meeting to order and proceeded to ask for roll call.

1. CALL TO ORDER/ROLL CALL

	PRESENT	ABSENT
MAYOR, DR. MICHAEL GOMEZ	X	
COUNCIL MEMBER MARGARET MORALES-WARD ONE	X	
COUNCIL MEMBER MITCH LINDEMANN-WARD TWO	X	
COUNCIL MEMBER BOB FERNANDEZ - WARD THREE	X	
COUNCIL MEMBER RAY SHELTON – WARD FOUR	X	
COUNCIL MEMBER IVAN HUIH - WARD FIVE		X (excused)
COUNCIL MEMBER LOUIE ACEDO – WARD SIX	X	
CITY MANAGER- CURTIS SHOOK	X	
CITY ATTORNEY-JUAN PABLO FLORES	X	
FINANCE DIRECTOR-JORGE TREVIÑO	X	
CITY CLERK - BRENDA AGUILAR		X (excused)

2. DISCUSSION REGARDING THE PHELPS DODGE MERCANTILE BUILDING DESIGN PROJECT.

Mayor Gomez recessed the meeting at 5:31 p.m. in order to tour the Phelps Dodge Mercantile building and reconvened at 6:08 p.m.

Motion by Council Member Lindemann, **second** by Council Member Morales to discuss the Phelps Dodge Mercantile Building.

Roll Call: All members voted in favor. **MOTION PASSED**

Curtis Shook provided background information regarding the Phelps Dodge Mercantile building project.

“Douglas – the premier southwestern border community.”

Mayor Gomez inquired if the city was required to begin spending now or to complete the spending by April.

Curtis Shook stated that the city would have to probably request an extension, but should be in the construction process and should be completed by April 2011.

Carlos De La Torre, Public Works Director/City Engineer, gave a presentation regarding the Phelps Dodge Mercantile building.

Mr. De La Torre stated that as part of the project the city's objective was to have the lead regarding the revitalization efforts in the downtown area. The following are project goals:

- To provide night and day activities; indoor and outdoor activities
- Improvements in landscaping features.
- To provide services not currently available throughout the community.
- To provide a contemporary relaxed public atmosphere.
- To initiate public participation in the redevelopment effort in the downtown area.
- To borrow money in order to meet bond covenant requirements.

Carlos De La Torre informed that the location could be named later, but it would currently be addressed as the Douglas Civic Center.

The following items were discussed as part of the design:

- Multi purpose use area.
- Coffee shop.
- Meeting rooms.
- Education component.
- Creation of a museum and gallery.
- Attract people of all ages.
- Rental space for private investment.
- Outside area.
- Multi purpose rooms with movable furniture.
- Multi media room.
- Restroom facilities.
- 2nd floor – ballroom, conference center.

Carlos De La Torre stated that the loan money was to be used for the development of a government center project, which included the purchase and renovation of the building, the purchase of land, and (inaudible)...the renovations of the existing city hall. The covenants and restrictions of the money are noted in the loan documents. Mr. De La Torre referred to a PowerPoint slide during his presentation.

Carlos De La Torre stated that improvements were also needed outside of the building by demolishing the existing structure of the old Chamber of Commerce building and the old water department building and to create a green open space in the area of 9th Street and H Avenue, adding that improvements were also needed at the west parking lot of the Phelps Dodge Mercantile building. The recommendations made were for the construction of the first phase of the Douglas Civic Center, the demolition of the old Chamber of Commerce building as well as the old water department building, landscaping and park landscaping improvements on 10th Street and 11th Street on H Avenue, and improvements of Phelps Dodge Mercantile building parking lots with the money available by maximizing internal and external forces.

Mayor Gomez inquired what the option or result would be if the GADA loan was returned in order to pursue a different type of loan that would allow for more commercial entities in the space.

Curtis Shook stated that he would have to speak to bond council since the first call on the bond would be a five-year call and it was unknown what they would say. Mr. Shook further stated that if there was a possibility of calling the bonds, there might be a premium. It would also be undetermined if the City could pay the bonds in two years, but if the city would be able to refund the bonds; Mr. Shook would recommend a different type of financing through a private placement in order to negotiate the terms of the bonds.

Mayor Gomez inquired if the building could be partitioned in relation to the bonds.

Curtis Shook stated that the city learned the terms of the private activity bonds, the IRS regulations restrict the use of a building built with tax-exempt bond to five percent, adding that anything over that percentage would be a violation of the concept of private activity bonds. The Valenzuela property was purchased with GADA bonds, but the Rivera building was not due to the restriction that would not allow for private use.

Council Member Morales inquired if partitions could be used for the multi purpose and the computer room to avoid the noise.

Curtis Shook stated that there had been an attempt to segregate the multi purpose areas during most time, but because it was multi purpose the activities would vary and would not be a completely quiet area. However, typically during the day it would be a passive cultural and recreation area.

Council Member Morales inquired if the museum from the visitor center would be moved.

Curtis Shook stated that there were different ideas with respect to the last example of a design and thought that 600 square feet might not be enough space for a museum, but thought the museums could be merged and the area expanded to accommodate a high number of people.

Additionally, Mr. Shook stated that the city had previously requested assistance from the University of Arizona's architect and design team in identifying different possible uses and based on that study along with the public input many of the ideas along with council's direction were included in the design. There would also be opportunities for public and private sector to work together. A downtown development committee was suggested by a community group and Mr. Shook thought it would be great for Council to encourage and approve a downtown development committee that would be a recommending body for the council.

Mayor Gomez inquired the number of recommended committee members.

Curtis Shook stated that it should be approximately less than 10 members and should be made-up of community members and merchants from the downtown area.

Mayor Gomez stated that there were timelines that would need to be met in order to move forward.

Curtis Shook stated that there were timelines and although in the past it had been complicated to encourage interest, it should now be different since it would be a decision making process.

Council Member Lindemann commented that he liked the concept, adding that the flexibility was good, any concerns that might arise in the future could be mitigated without too much problem, and it should be for the benefit of the community members.

Council Member Fernandez suggested that everyone should be allowed to provide input and the replacement of the project supervisors should be considered within 30 days if they were unable to meet expectations.

Council Member Shelton commented that the City of Bisbee had been very successful in the development of a convention center. He further stated that his vision was for the Phelps Dodge building to include retail along with everything else that had been proposed. Council Member Shelton stated that the city needed to move forward since the money was available for the construction.

Council Member Acedo commented that there had been suggestions by the public during a prior meeting to include commercial businesses, which was a good idea, but due to vacant buildings in the downtown area, it might work better at those locations.

Council Member Acedo expressed appreciation regarding the merging of three museums, as he had previously made the suggestion, and also expressed support concerning the building plans.

Carlos Valenzuela, Chamber of Commerce, thanked the city for providing (GADA) loan documents and further stated that approximately 5% of the building could be used for commercial purposes. However, due to the restriction, commercial inclusion would not occur. It was his personal opinion that there was an omission of inclusion and did not think the project would work due to the following reasons:

- Who would occupy the building during the day?
- What would be the anchor or draw to attract people.
- Lacked commercial sense.
- Loan limitations.
- Merchants do not want skateboards on their sidewalks.
- Merchants want people to buy.

Lawana Diffie of 1511 12th Street, Two Flags Computer business owner, expressed dissatisfaction regarding a tattoo shop scheduled to move-in next door to her business and a lingerie shop located in the general area. Ms. Diffie stated that she did not expect these types of businesses to be on the main street. The following comments were made in relation to the Phelps Dodge Mercantile building:

- Expressed opposition regarding the idea of developing a community lounge.
- Thanked council for the tour.
- Would like to be involved in the decision-making process to come up with something along the similar lines, but a little different.
- Loud music complaints from rock concerts at La Placita (del Sol) have not been addressed.
- Utility expenditures cannot be covered by the sale of coffee.
- Security needs to be addressed.
- Disappointed due to the rush to spend the money.
- Suggested creativeness, a review of the architectural design that is for the community; that would bring jobs to the community and would provide retail space as well as the convention center.
- Disagrees with the construction of a basketball court since parking was a need.
- Offered assistance and requested council to be careful.
- Suggested a partnership with the existing facilities as a better option rather than moving the museums.

Josue Lopez, Downtown Merchant, made the following comments regarding the Phelps Dodge Mercantile building:

- Disagrees with the concept.
- Instead of a teen hangout suggested the use of local parks for the youth and the availability of the soccer leagues, baseball leagues, and basketball courts.
- Suggested that an anchor was needed to attract business.
 - Retail tax helps the city as well as the merchants.
- Liked the City Manager's idea of forming a group to review ideas.
- Would support the return of the money in order to ensure the proper development of the project the first time.
- Thanked Carlos De La Torre for working on the project and stated public input was not requested.

Kathleen Gomez of 1046 G Avenue, made the following comments:

- Thanked Mayor and Council for scheduling the special meeting.
- Loud music from the park concerts is disruptive in the downtown area.
- Plenty of activities available for the youth.
- Teen center is not needed, kids will not go, and kids do not want to be supervised.
- Suggested the formation of a committee for public inclusion.
- Not many activities available for adults.
- Likes the ballroom concept.
- Great museums, but a lack of volunteers.
- Disagrees with the idea of closing museums and moving them to the Phelps Dodge building.

Ginny Jordan of 3983 N Plantation, made the following comments:

- Agrees with comments made by the public.
- Suggested that more thought should be given to the development of the project.
- Returning visitors spend money.
- Three industries provide money annually to the state, which are trade, technology, and tourism in the amount of \$18.6 billion dollars and Douglas receives a share.
- Suggested that the collection of history was necessary and offered volunteer services for a museum in the Phelps Dodge Mercantile building.
- Agua Prieta is an attraction to tourists.
- 600 square feet for a museum to talk about Douglas is not enough space.

Robert Romero 525 5th Street, made the following comments:

- Disagrees with demolishing the following buildings due to their usage and historical value:
 - Water building
 - Old Chamber of Commerce
 - Rivera building

Mayor Gomez requested council's opinion regarding the formation of a committee to make suggestions and further stated that returning the money was not easy. Mayor Gomez inquired if the city's rating would go down by borrowing more money.

Curtis Shook explained that between the Phelps Dodge Mercantile project and the call center the city would have to be able to show a debt coverage ratio of better than 3:1. As the project was 3 or 4 phases, it was the city's intent to use city crews and department of corrections crews for the demolition and reconstruction of the first floor.

The process could have been done by using the work crews similar to the call center project for the county office space, but since that plan fell through the city has been challenged in determining what can be done within the loan covenants to attract people to the downtown and to have a reasonable expectation that the city will be able to operate the building.

Curtis Shook did not disagree with the public comment and offered to check if (loan) restrictions were erasable, but did not believe so since they were tax exempt bonds and investors were expecting tax-free income for a period of time, adding that the restrictions might not be reversible. Mr. Shook stated that the architect could determine what might work regarding the mechanical, electrical, and HVAC work that could be addressed with the money left in order to have an open area. Mr. Shook believes a museum will attract people to the downtown and stated that the initial design was to elicit a response.

Council Member Fernandez suggested that Carlos De La Torre make modifications to the design. He commented that having a committee was a good idea and suggested consideration be given to new members, adding that a professional or expert opinion would be necessary to move forward with the project. Council Member Fernandez stated that there should not be a concern about who will get the credit.

Curtis Shook suggested that the Main Street program had designers, as part of their program, that go into a community to meet with the community members and to develop a design. Mr. Shook will follow up with the Main Street program to inquire if any of the design teams that produce final designs were available to work on a design for the Phelps Dodge Mercantile building, adding that they outside designers that work with different areas of the community and actually set up three different days of interviews with different people within the business community, the school district, and government and develop a plan by the third day. Mr. Shook will check the city's eligibility with the Main Street program since the city's designation had been previously terminated.

Council Member Shelton inquired the number of committee members.

Alma Andrade, Executive Assistant, informed that there were five members and the committee had been inactive for many years.

Carlos Valenzuela commented that it was not a good idea for a group of citizens to meet with city officials to try to determine how a building should be setup, but agreed with Council Member Fernandez regarding having an expert for the renovation of the building.

Mayor Gomez commented that the city manager had discussed that subject.

Curtis Shook agreed with Mayor Gomez and further clarified that he was proposing was a redevelopment group within the committee since there was more than the Phelps Dodge Mercantile building to discuss in relation to the downtown area and merchants should be involved in that process. Mr. Shook further stated that he would follow up with the Main Street program in order to have someone available in Douglas to work on the design.

3. PERSONS WISHING TO ADDRESS THE COUNCIL IN WRITING OR VERBALLY ON ANY ITEM NOT ON THE AGENDA.

None

4. ADJOURNMENT.

Motion by Council Member Shelton, **second** by Council Member Morales to adjourn the meeting at 7:22 p.m. unanimously passed.

Prepared By:

Brenda Aguilar
City Clerk