

**DOUGLAS CITY COUNCIL
SPECIAL MEETING MINUTES
NOVEMBER 18, 2009**

The City of Douglas Mayor and Council met in a Special Meeting on Wednesday, November 18, 2009, at 4:30 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 (tardy)	
COUNCIL MEMBER MITCH LINDEMANN-WARD TWO	X	
COUNCIL MEMBER BOB FERNANDEZ - WARD THREE	X	
COUNCIL MEMBER RAY SHELTON – WARD FOUR		X (excused)
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 (excused)
CITY CLERK - BRENDA AGUILAR	X	

2. DISCUSSION/DECISION ON APPROVAL OF BID PROPOSAL SUBMITTED BY SERGIO A. ARELLANO AND CLARISSA ARELLANO FOR AN ALCOHOLIC BEVERAGE CONCESSION AGREEMENT AT THE DOUGLAS MUNICIPAL GOLF COURSE CLUBHOUSE.

Curtis Shook stated that during the last council meeting there had been a recommendation, based on a request for bids, to award the bid to the Arellanos. Since that time, a discussion had taken place between Curtis Shook -City Manager, Juan Pablo Flores - City Attorney, and the Arellanos in an effort to determine how the restaurant and the bar facility would be operated. City staff is now satisfied regarding the commitment to Douglas and the commitment to providing a quality service at the Clubhouse by the Arellanos.

Motion by Council Member Lindemann, **second** by Council Member Fernandez, to approve the bid proposal submitted by Sergio A. Arellano and Clarissa Arellano, for the Alcoholic Beverage Concession Agreement (at the Douglas Municipal Golf Course Clubhouse).

Council Member Lindemann inquired if the Arellanos would be relocating to Douglas.

“Douglas – the premier southwestern border community.”

Sergio Arellano indicated that they were planning to relocate to Douglas in order to manage and operate the business.

Council Member Lindemann inquired if Mr. Arellano was planning to manage the business and to be onsite or if there was another level of business management.

Juan Pablo Flores clarified the question and asked if Mr. Arellano would be managing the Clubhouse or if someone else would be.

Sergio Arellano replied that he would be overseeing all the operations at the Clubhouse and would be physically present, adding that there would be two additional managers; one is currently employed at the Clubhouse.

Juan Pablo Flores inquired if Sergio Arellano would be one of the three managers being proposed for the operation.

Sergio Arellano stated that he would be the bar manager.

Juan Pablo Flores inquired who would be the other two managers.

Sergio Arellano stated that the kitchen manager would be Cosme Oros, currently employed at the Clubhouse, and a banquet manager, Clarissa Arellano, was being considered as the third manager, but it was undetermined at the time.

Mayor Gomez expressed concerns regarding prior management at the Clubhouse and stated that certain concerns had to be addressed. He further stated that friendly management would be needed, the facility would need to be well-kept, and addressed maintenance issues.

Curtis Shook stated that discussion had taken place with the Arellanos regarding the importance of communication between them and city staff to address marketing of the facility, cleanliness, and repairs.

Mayor Gomez requested the years of food service experience for Sergio Arellano since the requirement was a minimum of three years.

Sergio Arellano stated that his experience dated back to 2005.

Council Member Acedo inquired if Sergio Arellano owned a business in Tucson and if he was from Tucson.

Sergio Arellano stated that he lived in Green Valley, Sahuarita and did not own a business in Tucson.

Council Member Acedo inquired the type of restaurant Sergio Arellano previously managed.

Sergio Arellano stated that he worked for El Parador Restaurant – an upscale restaurant, but did not manage it.

Council Member Morales inquired if Sergio Arellano would be relocating to Douglas.

Sergio Arellano stated that he would be relocating and would be a hands-on manager.

Council Member Morales further inquired if Sergio Arellano along with his spouse would be managing the business.

Sergio Arellano agreed and added that family members, with a combined 30 years of experience in managing, food, and beverage industry, would also be assisting.

Council Member Morales inquired if a menu was available.

Sergio Arellano stated that it had been submitted to the city.

Council Member Lindemann commented that he had been to El Parador and it was an upscale restaurant. Council Member Lindemann further inquired if Sergio Arellano would be patterning the Clubhouse after a restaurant similar to El Parador.

Sergio Arellano stated that the Clubhouse needed to be more upscale than El Parador based on comments from local residents.

Council Member Lindemann inquired if the menu would be varied and further commented that accessibility to a steak house was necessary.

Sergio Arellano replied that a theme had not been established, but the menu would be varied, adding that if there was an issue he would be available for discussion.

Curtis Shook stated the menu had been reviewed due to the bidding process and it was varied and included steak.

Council Member Lindemann requested the hours of operation.

Curtis Shook stated that they would be open from 7:00 a.m. to 10:00 p.m. daily, except on Mondays.

Council Member Fernandez informed council that in a conversation with Sergio Arellano, prior to the meeting, he had suggested that concerns would need to be addressed immediately regarding the specifications of the contract in the event difficulties would develop. Council Member Fernandez encouraged communication between concessionaire and staff.

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

3. **DISCUSSION/DECISION ON APPROVAL OF RESOLUTION NO. 09-649, A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF DOUGLAS, ARIZONA, AUTHORIZING THE CITY OF DOUGLAS TO CONTINUE TO PROVIDE A CONCESSION BUSINESS OPPORTUNITY AT THE DOUGLAS MUNICIPAL GOLF COURSE CLUBHOUSE FACILITY TO PARTICIPANT SERGIO A. ARELLANO & CLARISSA ARELLANO, TO OPERATE AN ALCOHOLIC BEVERAGE CONCESSION/RESTAURANT AT THE FACILITY AND AUTHORIZING THE CITY OF DOUGLAS TO ENTER INTO A CONCESSION AGREEMENT WITH PARTICIPANT FOR SAID PREMISES LOCATED AT 1372 E. FAIRWAY DRIVE, DOUGLAS, AZ.**

Juan Pablo Flores explained the statutory requirement for the concessionaire agreement for the use of the city's liquor license by the concessionaire.

Motion by Council Member Lindemann, **second** by Council Member Morales, to approve Resolution No. 09-649 as presented with the concessionaire agreement revisions and with the hours of operation from 7:00 a.m. to 10:00 p.m. six days a week excluding Monday.

Mayor Gomez expressed concern pertaining to the hours of operation, adding that council might not be able to require specific hours of operation.

Curtis Shook stated that the hours discussed would be the general hours of operation, but they would be subject to seasonal change. Additionally, the city would not be inflexible regarding the hours, but there would be a certain expectation based on the type of menu and the concessionaire would determine the most effective hours.

Council Member Morales inquired if the agreement should include a stipulation regarding hours of operation if it would be closed on holidays.

Curtis Shook stated that it would not, the hours discussed would be in general, and council had made it clear that there should be some flexibility to build the business and they would not be required to be open at different times when the golf course was closed.

Council Member Acedo agreed with the discussion to allow flexibility regarding hours of operation.

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

4. DISCUSSION/DIRECTION REGARDING A PARTNERSHIP BETWEEN THE CITY OF DOUGLAS AND COCHISE COUNTY FOR THE USE OF THE PHELPS DODGE MERCANTILE BUILDING.

Curtis Shook stated that a recent discussion had taken place with Cochise County Administrator, Michael J. Ortega regarding the formation of a partnership between the City of Douglas and Cochise County for the Phelps Dodge Mercantile building. Mr. Shook provided information on the initial concept of the project and on current construction bids. The county is in the process of looking at different alternatives for its Douglas Service Center and expressed an interest in the Phelps Dodge Mercantile project. The City would use its crews for demolition and bond money would be spent for mechanical, electrical, heating, ventilating, cooling, and the roofing systems. The county would require between 14,000 to 16,000 square feet on the first floor and would spend its own funds to renovate their portion of the building under the scenario. Through an agreement, the utilities among other things would be addressed.

City staff is preparing to make a recommendation to council regarding a consulting group that would develop a strategic plan to develop the downtown area, specifically the Phelps Dodge Mercantile building.

Mayor Gomez requested the number of square footage required by the county and the total space available on the first floor of the building.

Curtis Shook stated that it was 14,000 to 16,000 square feet and the total space available on the first floor was 20,000 to 21,000 square feet. Mr. Shook further stated that 4,000 to 5,000 square feet would be required for a passive recreation area and a museum on the first floor.

Michael J. Ortega, Cochise County Administrator, informed the council that the Cochise County Board of Supervisors had met with Curtis Shook approximately three weeks prior to discuss the project. Mr. Ortega stated the contract documents might take some time to be composed along with the construction documents; therefore, a suggestion had been made to the Cochise County Board of Supervisors to continue the conversation about looking for a location in Douglas. The county owns two of three facilities in Douglas and would like to consolidate. Although, a need for approximately 14,000 square feet was initially discussed there would be a need for approximately 20,000 to 28,000 square feet. The county discussed the potential of some land to build a new facility because board members had expressed concern regarding moving into an old building.

Mr. Ortega further stated that based on a proper agreement, the county would consider placing all of their facilities in the Phelps Dodge Mercantile building. Mr. Ortega further stated that the county was also looking at other properties and conversations had taken place with property owners in the area, but the Cochise County Board of Supervisors had expressed an interest in a partnership with the City of Douglas.

Mayor Gomez inquired which county departments would be included in the facility.

Michael J. Ortega, Cochise County Administrator, stated that it would be adult probation, health department, juvenile probation, assessor, planning and zoning, sheriff, and justice court. The highest priority would be the justice court due to security issues.

Mayor Gomez inquired if the county had a limit or restriction on their budget.

Michael J. Ortega, Cochise County Administrator, stated that the county's budget was approximately \$3 million.

Mayor Gomez commented that Ann English, Cochise County Board of Supervisors, had previously expressed a safety concern regarding the justice court.

Michael Ortega stated that the safety concern was not only for the defendants and for people using the court, but also for the court personnel from a security standpoint.

Council Member Morales expressed an interest in forming a partnership with the county since it would have a positive effect in the downtown area. Council Member Morales inquired what the county would be doing with their buildings once they moved to the Phelps Dodge Mercantile.

Michael J. Ortega, Cochise County Administrator, stated that further discussion would be needed with the council and that possible future disposal might be considered, adding that discussion had taken place to consider relocating some of the services to the Phelps Dodge building and to renovate the building on 7th Street. However, the county would prefer to consolidate all services to the same location.

Council Member Lindemann stated that although he had always been a supporter of the concept, Douglas deserved a community center and more discussion would be needed. Council Member Lindemann would support the county's consolidation.

Council Member Fernandez requested a possible scenario regarding a partnership.

Michael J. Ortega, Cochise County Administrator, stated that the county had fiduciary responsibility to the taxpayers and the Board of Supervisors had an interest in a partnership as long as it did not cost additional money to assist the city in the development of the downtown area. The partnership would be to look for ways to put forward for consideration, not necessarily money, but the use of inmate labor would be an opportunity for the use of that expertise or experience since the county did not have the same relationship with the Department of Corrections as the City of Douglas. The city would be responsible for the construction and the county would issue a check upon completion.

Ultimately, the joint goal would be to reduce resources that would need to be expended and the county was not looking for the city to write a big check or to subsidize the effort. The intent would be to tap into the things the city is good at doing and the things the county is good at doing in order to produce a project everyone could be proud of.

Council Member Fernandez inquired how the city would benefit such as by being paid for a building that belonged to the city.

Michael J. Ortega, Cochise County Administrator, stated that the thought was if it was of value to the council to offer the building at a reduced cost or no cost than that would be a part of the discussion. A long-term relationship could be established whereby the city would do certain improvements or demolition and an agreement could be established to have the option of purchasing the building sometime in the future at the city's cost, what the city paid for it. His intent was not to request that council give away the building, there was recognition on the county's part of the dollars invested by the city. Ultimately, it would be determined based on the project cost in comparison to other project areas that were being looked at.

Mayor Gomez expressed concern regarding timelines.

Curtis Shook stated that the construction would have to be substantially complete with the improvements and the balance of the bond funds would need to be expended before the end of April 2011. The balance is approximately \$1.2 million and some of the improvements would cost a substantial portion of the balance. Mr. Shook stated that he was no longer concerned about the ability to spend the bond funds within the timeframe. He also stated that a good reason for a partnership during a recession was that nobody had enough resources to do it by themselves, but resources could be pulled together and a much better project could be produced.

Mayor Gomez inquired if there could be a future agreement in two or three months if the discussions continued.

Michael J. Ortega, Cochise County Administrator, stated that making an agreement would be the easy portion, but issuing a check would be more difficult. The conversation had been started and if the city would like to pursue the matter in terms of continuing the discussions; he suggested developing a written agreement to look at what that would mean in terms of some of the other projects.

Mr. Ortega stated that the Cochise County Board of Supervisors had asked him to explore the project and he clarified that it did not signify they would be entering into an agreement or expending the money. Mr. Ortega suggested the development of an agreement in the next months would explain the structure of what the deal could be.

Council Member Acedo inquired if the floor plan would be affected.

Curtis Shook stated that if an agreement was established with the county, a certain amount of square footage would be allotted for their space and with the space left over the council would have an opportunity to have staff relay-out (the design) for the city.

Ann English, Cochise County Board of Supervisors, stated that the Cochise County Board of Supervisors was waiting for something specific from the council regarding the cost and square footage, adding that there was a need for space in Douglas by the county. The board is also looking at what the budget will allow them to do. Ms. English encouraged council to provide a price for consideration by the county if the city had space that would not be used.

Mayor Gomez gave direction to staff to continue with discussions.

Ann English stated that during a work session the board had not being opposed, but would need something in writing for their review and did not think there would be a delay once they had something for review.

Mayor Gomez commented that the city would be demolishing the first floor of the building and it would not be an expense for the county, adding that a plan could be worked-out with the county.

Ann English stated that there would be a quick return once the county received something from the city.

Mayor Gomez provided an update regarding a Mayor/Manager luncheon he attended and announced an upcoming town hall meeting.

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

None

6. ADJOURNMENT.

Motion by Council Member Fernandez, **second** by Council Member Morales to adjourn the meeting at 5:22 p.m. unanimously passed.

Prepared By:

Brenda Aguilar
City Clerk