

MINUTES OF THE WALNUT CREEK WORK GROUP MEETING OF THE TOWN OF PINETOP-LAKESIDE, ARIZONA, HELD NOVEMBER 15, 2011 AT 5:00 P.M. IN THE TOWN COUNCIL CHAMBERS.

Mayor Crockett called the Committee Meeting to order at 5:02 p.m. Roll call was taken as follows:

	<u>Present</u>	<u>Absent</u>		<u>Present</u>	<u>Absent</u>
Rich Crockett	<u>X</u>	<u> </u>	Norris Dodd	<u>X</u>	<u> </u>
Neal DuCharme	<u>X</u>	<u> </u>	Chuck Waldo	<u>X</u>	<u> </u>
Peter Tims	<u> </u>	<u>X</u>	John Jarchow	<u>X</u>	<u> </u>
Travis Merrill	<u>X</u>	<u> </u>	Lynn Krigbaum	<u> </u>	<u>X</u>
James Maloney	<u> </u>	<u>X</u>	Dennis Hughes	<u>X</u>	<u> </u>
Denise Meyer	<u>X</u>	<u> </u>	Barbara Teague	<u>X</u>	<u> </u>
Mark Jeffries	<u> </u>	<u>X</u>	Sharon Adams	<u>X</u>	<u> </u>
Pat Mecey	<u> </u>	<u>X</u>			

Staff Present: Kelly Udall, Town Manager; W. Kent Foree, Town Attorney; Paul Esparza, Community Development Director; Kent Brooksby, Finance Director; John Vuolo, Parks and Recreation Director; and Leah Chavez, Deputy Town Clerk.

ITEM NO. 2, WELCOME AND OPENING REMARKS BY MAYOR RICH CROCKETT:

Mayor Crockett thanked the Group for the work that had been done thus far. He explained he would read a letter from Save Our Park, as public comment. He stated the letter had shaken him, and clarified Save Our Park would be opposed to development unless there would be a way to maximize profits. He asked the Group what their thoughts would be regarding development. Chuck Waldo said he had extreme concerns regarding the financial viability of the project, and said the project could not stand on its own merits. Mayor Crockett requested clarification, and asked if Mr. Waldo thought the Town would be unable to generate enough revenue to buy the Park, or if there was another issue of concern. Mr. Waldo said the Forest Service would expect to get the value of the Park at its highest and greatest use. He said he had doubts whether a developer would be willing to develop the Park, and said the Town would not be able to get anyone to pay the amount the Forest Service would request. He said there would be no money to buy a portion of the Park after the sale because of the size of the project. He said there would be several factors involved with the development of the Park such as, ingress, egress, infrastructure, and water. He said the Adair Spring water rights are currently owned by the irrigation company, and said they would not be willing to give access to the water in the spring. He said he is in agreement with Save Our Park; that there would not be enough of a profit to purchase part of the Park. He said there could be a more viable solution to purchase the Park, than the development of the Walnut Creek Node. Mayor Crockett clarified over the last two meetings the consensus had been there would be a maximization of profits, and said the revenues generated because of potential development, over time, would allow for the future

purchase of portions of the Park. Norris Dodd said the Roadmap for Public and Private Cooperation showcased several development scenarios. He said the predication of those developments could be done to generate revenue. He said the Tejido Plan took strategies and worked them through the process of development. He said the Woodland Lake Acquisition Committee was able to build public trust and gain public support, by showing a concurrent series of development options. He said one option would have been to raise the sales tax a nominal amount to purchase a portion of the Park. He said he is frustrated there had been two meetings, but the Group had not addressed the roadmap to acquiring the Park. He said the Group would need to look at the process and let the profits fall where they may. Mayor Crockett clarified everyone would like the Town to profit from the development, and said there would be no way to know if the Town would profit or not. He said he was blindsided by the Save Our Park letter, and by the statement of unless the Town maximizes the profit then there will be no support by the organization. Neal DuCharme said he thought the letter was blackmail on the part of Save Our Park. He said there would be no profit from the initial sale of the Park. Dennis Hughes said he had read all the case studies, and said the communities involved were successful not only because they had profit producing activities, but said they brought on additional profit producing activities. He said he thought the letter from Save Our Park gave the impression they had forgotten the original stance the Group had taken. John Jarchow said an important part of the process would be the dedication of funds to purchase part of the Park. He said there is a political reality present within the Town, and said the voters within the Town have proven a definite ability to say no. He said in order to move forward people within the Town would need to work together. Mayor Crockett said the purpose of the Work Group was to have everyone come together and come to a consensus on what would need to be accomplished to purchase a portion of the Park. He said the letter from Save Our Park clarifies the Group was not close to a consensus. He said everyone would like to see a double or triple resale value from a developer, and said it could be feasible. He said the Group had been working with the idea of the maximizing the profits generated from the sale of the Park, and said if it could not happen, to just throw the sale of the Park out, would not be a reasonable option. Barbara Teague said Save Our Park would consider the development of the Walnut Creek Node as a means to purchase other parts of the Park. She said the Save Our Park Board met and crafted the resolution. She said Save Our Park is in the business of securing the Park, not in the business of developing the Park. She said Save Our Park would be unable to participate in the development of the Walnut Creek Node, without the assurance the profits would be used to purchase other parts of the Park. She said without the support of Save Our Park it would prove difficult to do what is necessary, such as rezoning, to develop part of the Park. She said Save Our Park stands by their statement. Mayor Crockett clarified the Group had never said they would not try to maximize the profit. Ms. Teague said the Town should go through an open bidding process, and said if the bid would not maximize profits then the Town should not accept the bid. Mayor Crockett clarified if the Town were to go through the bid process, with the intention of maximizing profit and were unable to, Save Our Park would like the Town to reject the bid. Ms. Teague confirmed. Denise Meyer said when she had been asked to be a part of the Working Group she wanted to be sure it was not a Save Our Park committee, and said she had expected ideas and solutions in regards to the acquisition of the Park. She said the Save Our Park letter was premature, and said there would be no way of knowing what would come out of the Working Group. She said the

Group had not agreed on anything yet, and said all they currently have are ideas of what could happen with the Node and the Park. She said the outcome could be really good, but said the outcome would not be known until the process had been completed. Mayor Crockett said the Group would continue with the meeting.

ITEM NO. 3, APPROVAL OF THE MINUTES OF THE OCTOBER 25, 2011 MEETING:

COMMITTEE MEMBER HUGHES MOVED TO APPROVE THE MINUTES AS PRESENTED. COMMITTEE MEMBER WALDO SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

ITEM NO. 4, PRESENTATION ON MUNICIPAL FINANCES BY J. KENT BROOKSBY, TOWN FINANCE DIRECTOR:

Kent Brooksby explained the different ways the Town can gain funding. He said the Town would have to issue a municipal bond to promise to repay the debt. He explained the difference between general obligation bonds and revenue bonds. He said regarding the purchase of open space, the Town would be required to utilize a general obligation bond. He said the Town would have a moral obligation to borrow only what the Town could reasonably expect to repay. He said the Town is currently involved in two long-term debt obligations. He said the Town relies heavily on sales tax revenues, and said within the last five years there has been a drop of 22% in revenues. He said the Walnut Creek Node development would go to a vote of the people. Travis Merrill asked if there would be enough cash flow to ensure the viability of the project. Mr. Brooksby answered not in his opinion. Mr. Waldo asked what the reasonable bonding capacity of the Town would be. Mr. Brooksby said if the Town had no other debt obligations it could be possible to bond five million dollars of new debt. Mr. Jarchow asked what the current annual revenue from the bar and restaurant tax is. Mr. Brooksby answered last year it was approximately \$300,000, and said the tax does not cover the complete cost of the Parks.

ITEM NO. 5, PRESENTATION BY STAFF ON MIXED-USE DEVELOPMENT:

Paul Esparza presented a PowerPoint. He said he was asked to identify mixed-use developments within the State. He said he had some trouble finding the funding on how these projects. He showcased the downtown area of Flagstaff, the Chandler Town Square and surrounding area, Kierland Commons in Scottsdale, and The Verrado in Buckeye. He said the communities all present a vibrant development with maximization of mixed-use. He said the communities used the mixed-use development as an economic revitalization tool, and said The Verrado in Buckeye started as a bare land development. He said he will gather more information in regard to funding. Mr. Waldo stated he thought the majority of the developments dealt with existing properties and economic revitalization, and said taking bare land and developing the land would be costly. He said implementation of utilities, roads, curb and gutter, and sidewalks would be an enormous project. Ms. Meyers asked if there would be a way to gather a list of the developers and investors on the projects. Mr. Esparza answered he would follow up.

ITEM NO. 6, POTENTIAL GOALS, ALTERNATIVE WAYS THAT THEY COULD BE ACHIEVED AND FACTORS OR CONSIDERATIONS POTENTIALLY AFFECTING EACH; REQUEST FOR EXPRESSIONS OF INTEREST AND TIMEFRAMES OF PROCESS:

Lori Martinek said the discussion would be about the process, and said it was necessary to work through some of the issues in order to get the process started. She said she would like to discuss what a potential Request for Proposal or Cooperative Agreement may include. Ms. Martinek said she would have liked to ask Ms. Teague if Save Our Park would have been willing to utilize sales tax revenues and bonding capacities. Mr. Jarchow said a key point had been missing in the previous meetings, and said there was no mention of profit maximization to purchase parts of the Park. Mayor Crockett clarified if there were a profit made on the initial sale to a developer, the Town and the Working Group would agree the profit would go towards purchasing a portion of the Park. Ms. Martinek said in the event there would not be a profit the Town would have to utilize bonding capacity and sales tax revenues in order for the development to happen. Mayor Crockett clarified Save Our Park does not want development to assist in generating revenue which would help purchase portions of the Park. Mr. Dodd said Save Our Park would like to get the profit that would be available, and structure the process so the Park would be purchased. Mr. Jarchow said due to the emotion involved it would prove difficult to have a rational conversation regarding the Park. Kent Foree said the Town would need to look at the bid process and what the potential risk to the developer could be. Ms. Martinek said Save Our Park had possibly created a layer of uncertainty for potential developers because there is a community group that could threaten the development. She asked if the Group would like to continue since all the issues had been brought to the table tonight. Ms. Meyers said the goal of the Group was not to fight Save Our Park, and asked if the original intention of the Working Group was still to gather ideas about potential development of the Walnut Creek Node. Mr. Hughes said even if the Group comes away with the recommendation to not develop anything and forget the project all together, at least the Group had finished what was started. Mr. DuCharme said the Group would need to determine if it were possible to get more money than what the Park could sell for, and said if the Group is unable to then what is the point of moving forward. Mr. Jarchow asked for clarification of the intent of the Group. Mr. Dodd said the Group is engaging in debates without information, and said there would need to be a market analysis performed. Mr. Jarchow quoted the minutes from the October 12, 2011 Working Group meeting, and asked if the intention of the Group would still be the acquisition of the Walnut Creek Node through a cooperative agreement for potential development to purchase a portion of the Park. Mayor Crockett confirmed the Group had not strayed from the original intent. Ms. Martinek said the Group would utilize the Node as a tool to purchase a portion of the Park. Mr. Dodd said there would be no guarantee the Town would receive a profit. Ms. Martinek said a question would be if there would be a developer willing to take this project on. Travis Merrill said the Group members should speak to what they know, and said a core question would be if there would be no profit, where would that put the Group. Mayor Crockett said the Group would have to go through the process to see where it would end up, and said there would be no way of knowing whether there would be a profit or not. Ms. Meyer said the Town would be able to purchase the Park for pennies on the dollar, compared to five years ago. Ms. Martinek said there are a lot of "what ifs," and asked the Group for clarification of the direction to proceed.

Mr. Waldo said the Group is looking into the development of the wrong node, and said the development of the Old Town Node would prove more economically feasible. He said the Old Town Node would be redevelopment, and said the Node already has the infrastructure needed, and would be able to sustain a master planned development. He said the Town currently owns four acres within the Node, and said the development should begin here and migrate outward. Mayor Crockett reiterated the Group was created, per Council to come together and determine if there would be a way to develop the Walnut Creek Node to purchase some of the park. He said the intention of the Group would not be to determine if the Old Town Node would be a better potential development. Mr. Waldo said referring to the agenda the item stated alternative ways to achieve the purchase of portions of the Park. Mr. Jarchow agreed the Town could be sitting on a great asset, and said there are anchors set in place and the Old Town Node has excellent redevelopment potential. Mr. Waldo said the Smith Group Plan had addressed the issue, and said according to the plan, commercial development would congregate around the Town Center. He said creating sales tax revenue and offering a means to purchase portions of the Park would be better suited with the development of the Old Town Node. He said to resolve some of the issues the Group has, would be to have an appraisal and get a rough idea of what the Park is worth. He said it would be beneficial for the Town to bring a developer in and develop the Old Town Node, which he said would increase the surrounding property values. Kelly Udall stated the Old Town Node is not zoned correctly. Mayor Crockett said the Town would have to rezone both the Walnut Creek Node and the Old Town Node. Mr. Foree said there had been no redevelopment projects within the state since 2006, and said the Town would not be able to control the acreage surrounding the Town Center. Mayor Crockett said he thought the Group was headed in a different direction, and said the intentions of the Group had been blurred by the discussions. Ms. Martinek asked if the Park is in imminent danger. Mayor Crockett said it is an issue within the Town, but said it is not a big enough issue to raise taxes to purchase the Park. Mr. Dodd said the community has a vision of doing something different for the acquisition of the Park. Mr. Jarchow said the Town would not be able to achieve the creation of the Nodes without rezoning. He said the issues are a potential political minefield, and said it is not going to be easy to develop either Node. He said currently the Zoning Code does not allow for the development of the Nodes. Kelly Udall said the Group had the discussion they should have had the first meeting. He said the Group was handpicked to come to the table to have these discussions. He said the Group would need to ask themselves how important the developments are to the Town. He suggested to end the meeting and suggested the Mayor talk to Save Our Park, and then regroup. He encouraged the Group to look at the original intention and goals, and said to come back to the table with a clear understanding of the direction of the Group. He said Council and Staff would need to know what would be necessary to gain community support, and said it was a great discussion. Mr. Waldo said the Group would need basic information to gain a clarified direction, and said the Group should get an appraisal of the Park and speak with developers to determine if there is any potential for development. Mrs. Martinek said she had studied the Roadmap, and said it was backwards because one of the first things should be to speak with developers and gain knowledge if there would be interest in development. Mr. Dodd said the Forest Service appraisal process is complicated, and said developers and investors would be interested in the Park because of the current economy. Mr.

Jarchow said he thought the Group would be trying to solve all the problems with one project, and said that would not be feasible.

ITEM NO. 7, POSSIBLE FUTURE AGENDA ITEMS:

Mayor Crockett asked what the Group would like to see on the future agenda. He said even though this Group was created to discuss the Walnut Creek Node he thought it would be beneficial to include an agenda item to discuss alternative developments. Ms. Meyer said the Group would need to focus on timeframes. Ms. Martinek said the Group would need to discuss the process at the next meeting. She said a large element which would need to be addressed would be how to gain community support. She said the Group would need to address cooperative agreements and entitlements. Mayor Crockett expressed his appreciation to Staff and the Group for their time and service to the Group. He said this would be a huge process, and said the input and participation is invaluable.

The meeting adjourned at 6:54 p.m.

TOWN OF PINETOP-LAKESIDE WALNUT CREEK WORKING GROUP

Leah Chavez, Deputy Town Clerk