



Las Vegas

Agenda Item No.: 43.

**AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: APRIL 2, 2008**

**DEPARTMENT: CITY MANAGER
DIRECTOR: DOUGLAS A. SELBY**

Consent Discussion

**SUBJECT
ADMINISTRATIVE:**

Discussion and possible action regarding a Memorandum of Understanding by and between the City of Las Vegas and City Parkway V, Inc. (the City Parties) and LiveWork, LLC, to specify contemplated transactions involving real property known as Union Park Parcels P and Q, the Queen of Hearts block and real property owned by LiveWork, LLC, respectively located near the Ogden Avenue underpass and City Parkway, and near the intersection of Main and Bonneville - Ward 6 - San Antonio

Fiscal Impact

No Impact

Augmentation Required

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

On April 18, 2007, the City Parties and LiveWork, LLC, entered into an Exclusive Negotiation Agreement (ENA) to evaluate the feasibility and to negotiate the exchange of the Queen of Hearts block and additional consideration for Parcels P and Q in Union Park. The ENA subsequently was amended to recognize Forest City Enterprises partnership with LiveWork Las Vegas. This Memorandum of Understanding provides the framework for how the contemplated transactions would be structured. The contemplated transactions are the construction of new City Hall facilities, a new Regional Transit Center, approximately one million square feet of new Class-A commercial office space, and up to 250,000 square feet of retail and entertainment uses. The Developer also anticipates developing Parcels P and Q in Union Park as a hotel-casino.

RECOMMENDATION:

Approval to authorize the Mayor or Mayor Pro Tem of the City of Las Vegas, and the President of City Parkway V, Inc. to execute the Memorandum of Understanding.

BACKUP DOCUMENTATION:

1. Agenda Memo
 2. Memorandum of Understanding
 3. Disclosure of Principals
 4. Site Map - Union Park Parcels P & Q
 5. Site Map - Queen of Hearts Block
 6. Site Map - LiveWork Las Vegas
 7. Submitted after meeting - Hardcopy of PowerPoint presentation by staff
- Motion made by GARY REESE to Approve as recommended

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Passed For: 7; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0

RICKI Y. BARLOW, LOIS TARKANIAN, LARRY BROWN, OSCAR B. GOODMAN, GARY REESE, STEVE WOLFSON, STEVEN D. ROSS; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-None)

Minutes:

MAYOR GOODMAN read Items 43 and 44 to be heard together.

SCOTT ADAMS, Director of the Office of Business Services, said Item 43 is complicated, because it involves the negotiation of three projects, Live Work, development of a new City Hall and companion development of Parcels P/Q.

DIMITRI VASILAKIS, Senior Vice President of the Los Angeles Division of Forest City Enterprises, and DAVID MITCHELL, Mitchell Holdings and Barnet Liberman, alternated in detailing portions of a PowerPoint presentation, a copy of which is made a part of the minutes. MR. VASILAKIS presented slides 1-10 regarding the developing background of Forest City Enterprises, and then slides 13-15 regarding the vision for the projects. MR. MITCHELL presented slides 11 and 12 regarding the projects Mitchell Holdings and Barnet Liberman have developed, which were instrumental in transforming the neighborhood.

COUNCILMAN REESE asked if the new City Hall would include retail, to which MR. VASILAKIS replied that that aspect is under discussion, as the entire project has not yet been finalized.

COUNCILMAN BARLOW asked MR. VASILAKIS what attracted his company to develop Victoria Gardens in Rancho Cucamonga, California. MR. VASILAKIS indicated that the city was looking to transform the area with new development and allowed Forest City to present its vision of creating an environment for families to come and enjoy themselves. It was important to create an attraction that would bring people.

COUNCILWOMAN TARKANIAN said, to her understanding, the lease on a new City Hall would be done on a non-profit basis. The City would pay the cost of the lease and any interest involved. MR. ADAMS indicated that a new City Hall is a critical component of the entire project, without which the project would not go forward. Forest City is willing to build a new City Hall at a reasonable cost to the City, because the company sees a new City Hall as a catalyst and a very important infrastructure component to the overall five-block project.

MR. ADAMS resumed with the PowerPoint presentation and went over slides 26-37, explaining in detail the Deal Terms and Public Purpose for a new City Hall, which are also delineated in the Agenda Memo included in the backup documentation. He stressed that the MOU is non-binding and recommended approval.

MR. ADAMS indicated for COUNCILMAN REESE that the CIM group, the developer of the Lady Luck, has already expressed interest in the current City Hall property and the adjacent parcels.

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COUNCILMAN BARLOW stated that these developments will bring a lot of jobs and housing.

MAYOR GOODMAN noted that in 2000, the City Council took a big risk in making the decision to acquire the 61 acres on a Brownfield site at a cost of \$33 million, and today Parcels P/Q alone are currently valued at \$40 million. Through public/private partnerships, the City was able to diversify the downtown economy, with the Premium Outlets, World Market Center and the Molasky office building, and there are many more projects coming on line. All of these projects have sparked redevelopment of existing business in the downtown area.

Taking a chance on a new City Hall that will be offered for events is a risk this Council has to take; that is what Las Vegas does, especially on a deal such as this one. The City should not be criticized about the cost, because it is reasonable, and the City has used its profits well over the past eight years of economic prosperity.

COUNCILMAN REESE said the five blocks are in Ward 3 and Parcels P/Q, as well as the CIM Project, are in Ward 5. He commended MR. ADAMS and his staff on their efforts. He noted that he received a lot of criticism about the Campaign project, but it has been a huge success. He opined that a new City Hall is greatly needed.

COUNCILMAN BARLOW thanked the Mayor for his vision.

COUNCILMAN WOLFSON discussed with MR. ADAMS that the estimated construction timeframe is 5-7 years, and that he would like the new City Hall to be practical and user-friendly. COUNCILMAN WOLFSON then questioned upfront costs, to which DEPUTY CITY MANAGER SANCHEZ replied that an account with a threshold of \$5 million has been established for any related expenses, including an owners representative to ensure construction of an iconic, quality building.

COUNCILMAN WOLFSON asked for the potential risks. MR. ADAMS indicated that staff focused on securing the interest of the City, so the only real risk he could identify is if Forest City were not to go forward with construction of the hotel on Parcels P/Q. However, the MOU includes exigencies that would put pressure on the developer to build the hotel. CITY MANAGER SELBY rejoined that most of the risks are on the developer, but there are options, should the City not be financially stable. MR. ADAMS acknowledged that there is a lot of flexibility.

COUNCILWOMAN TARKANIAN read her written comments, stating that she was initially opposed to a new City Hall. However, after consideration of all the information given, her staff's research and the recommendations of JOHN RESTREPO, Principal, Restrepo Consulting Group, she has a new disposition. Before a binding vote is required of the Council members, she asked staff to provide the Council with the figures on the estimated cost and profit that would occur with the developer leasing a new City Hall, as well as the feasibility of the developer assuming the cost of building a new fire station and a new Metro station on Parcels P/Q and more specific information on the amount of parking that would be made available for City Hall.

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COUNCILMAN BROWN expressed his full support of this project, opining that this area holds the key to ensuring the economic vitality of the downtown. The Council's job is to evaluate the opportunities as they come along, and this is one of great magnitude that should not be passed up. It provides a great opportunity to partner with a great company.

ANTHONY HODGES, 123 Sir David Way, said that life is a gamble and success requires risks.

MR. MITCHELL thanked all parties involved in this process, which has been very complex. He commended the Council on having a very forward thinking, pragmatic organization.

