



Las Vegas

Agenda Item No.: **39.**

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF FEBRUARY 3, 2010

DEPARTMENT: CITY MANAGER
DIRECTOR: ELIZABETH N. FRETWELL

☐ Consent ☒ Discussion

SUBJECT:
ADMINISTRATIVE:

Discussion and possible action regarding an Amendment to Disposition and Development Agreement between City Parkway, Inc. and Palmer City-Core Union Park Hotel, LLC, to undertake the development of a boutique hotel on Parcel G in Symphony Park located on a portion of the undeveloped lot, which is north of Symphony Park Avenue, east of Promenade Place, south of Carson Avenue and west of City Parkway (a portion of APN 139-34-110-009) - Ward 5 (Barlow)

Fiscal Impact

☐

No Impact

☐ Augmentation Required

☐

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

City Council approved the original Disposition and Development Agreement on March 19, 2008. The parties wish to extend the Agreement for two years, until February 27, 2012, with two additional one-year extensions available to the developer if the recession persists, market conditions are not right to begin a high-end boutique hotel, and financing is not yet available to begin construction.

RECOMMENDATION:

Approval.

BACKUP DOCUMENTATION:

1. Amendment to Disposition and Development Agreement
2. Disclosure of Principals
3. Site Map

Motion made by RICKI Y. BARLOW to Approve

Passed For: 5; Against: 0; Abstain: 0; Did Not Vote: 2; Excused: 0

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

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Minutes:

BILL ARENT, Director of Office of Business Development, stated that this is part of overriding strategy to sustain Symphony Park and looking at commitments and realizing, given the credit market, what is the likelihood of new business coming into Symphony Park. He thinks there is a commitment from RICK COFFIN and CHARLIE PALMER. The amendment would amend the original Disposition and Development Agreement (DOA) extending the Agreement for two years until 2/27/2012 with two additional one year extensions available to the developer if the recession persists, market conditions are not right to begin a high-end boutique hotel, and financing is not yet available to begin construction. He explained that with each commitment, the merits of each deal will be looked at. Currently, the hospitality market in Las Vegas is struggling and he wants to make sure that projects coming in will succeed. Staff feels very comfortable with the developer and believes that the extension is in the best interest of the City and Symphony Park. He introduced DOUG LEHN, Charles Palmer Hotel, and indicated a representative from Newland Communities was also present.

MR. ARENT discussed with COUNCILMAN WOLFSON that the developer submitted the design development drawings, the business plan, and he will manage the property, put up a sizeable non-refundable deposit of \$484,848, unless they default. The developer is agreeing to buy a raw piece of land, meaning that infrastructure is not all in place. Staff will come back for a Request of Proposal and this is for a new kind of infrastructure, but to give the developer a one hundred percent certainty that they would have the infrastructure on site, they made a deposit semi complete non-refundable.

COUNCILMAN WOLFSON asked what happens if at the end of two years the developer is not ready to break ground and wants an extension and parties were to disagree on the status of the market. MR. ARENT replied that because of the deposit and significant investment, they have to reconcile the investment. It would not make sense to pursue if the market is constrained. Regardless, staff has the comfort level that the project still makes sense. The important decision lies with the developer if they want to move forward and reconcile their investment.

COUNCILMAN BARLOW asked if a precedent is being set with Symphony Park. There have been other developers that came forward in the past and he does not recall putting stringent policy like this one. MR. ARENT replied that a precedent is not being set because this is a non-gaming hotel. Each project is looked on its merits. Longer extensions were given to the Jewelry Center developer because the likelihood of success may be a bit more conceivable than a non-gaming hotel. He is looking to get market information to educate stakeholders and see if a project realistically can move forward.

COUNCILMAN BARLOW asked what economists say about the recovery of the economy. MR. ARENT replied he learned not to put a lot of weight into their opinion. He personally does not see any sign of improvement in commercial real estate market until 2012. There are many factors, such as the decrease in the hospitality market, existing inventory, and competitive pressures from other markets.

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COUNCILMAN BARLOW felt that a two-year extension is not enough and that it should be three years. MR. ARENT stated that realistically they are getting four years. At the end of the two years this will be brought back and the developer will have the option to extend for another two years.

MAYOR GOODMAN opined that putting it off for four years would have sent the wrong message, as we have to believe that the economy will change. COUNCILMAN BARLOW wanted to make sure the City is working with the business community and be fair to them.

COUNCILWOMAN TARKENTIA asked for the definition difference between boutique and regular hotel. MR. LIEN explained the difference between the two is the level of service, uniqueness of property and specialized service given to the guests. Boutique hotels are generally smaller properties with limited gaming, but not asking for that at this time.

MR. LEIN thanked COUNCILMAN BARLOW, staff, Newland Communities, and outside counsel for their work. He fully agreed to the document in its terms, as well as providing an update every 90 days, and 180 days update with Mayor and Councilman of Ward 5 regarding their progress. They have completed the designs and have filed the applications with the Planning Department.

MR. COFFIN thanked the Council for their support and provided a rendering of the project. One suggestion was to create an opening in the front creating an interior courtyard. They have also brought fine dining down to the street level for immediate access to all citizens.

MR. PALMER stated that each market is different regarding hotels and its concepts. In Las Vegas a 400-room hotel is quite a boutique. The real driving force is the food/wine centric part of the hotel and the idea of this hotel is to bring an experience, such as on-gaming, green house experience and concentrating on the customer service and the attentive personal service.

COUNCILMAN BARLOW stated that this is going to be a fabulous development and looks forward to this and the other ongoing projects in the surrounding area.