

MINUTES

**SPECIAL MEETING OF THE
RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT BOARD
FOR THE PURPOSE OF HOLDING A PUBLIC HEARING ON THE
FY 2006 RIO NUEVO BUDGET**

**MONDAY, JUNE 20, 2005 6:00 P.M.
RIO NUEVO COMMUNITY MEETING ROOM
52 WEST CONGRESS, 2ND FLOOR
TUCSON, ARIZONA**

1. Roll Call

The meeting was called to order at 6:03 p.m. After a roll call, a quorum was determined to be present.

Board members present: Ruben Suarez, Arlene Lopez and Margaret Hardy.

Board member absent: Olivia Hernandez

Rio Nuevo staff members present:

Greg Shelko, Rio Nuevo Director

Randy Emerson, Rio Nuevo Director of Development

Bill O'Malley, Construction Manager

Virginia Monyak, Staff Assistant

Attorney for the Board: William Hicks, Snell & Wilmer

Call to the Audience:

- Ann Rodriguez, Member of the Regional Transportation Authority Citizens Advisory Committee
- Don Durband, Director of the Tucson Downtown Alliance
- Michael Toney, citizen

2. Public Hearing on the FY 2006 Rio Nuevo Budget

Mr. Shelko presented the FY 2006 Rio Nuevo budget to the Board members. A copy of the budget is attached. He provided a quick overview of the proposed projects. The total FY 2006 budget is \$50,518,680 (\$44,600,000 for capital projects, \$2,215,000 for operating expenses and \$3,703,680 for debt service for the TCC). Funding for the FY 2006 budget will come from Tax Increment Financing funds and the sale of bonds.

Ms. Hardy moved to approve the FY 2006 budget as presented. Ms. Lopez seconded the motion. The motion passed unanimously

It is the intent of these meeting minutes to get the general meaning of the discussion, summarize what happened and record official actions. The minutes are not intended to be a verbatim transcription of all that was said. Audio tapes of the meeting are available for review at the Rio Nuevo Office, located at 52 W. Congress.

3. Call to the Audience

Ms. **Ann Rodriguez**, member of the Regional Transportation Authority's (RTA) Citizens Advisory Committee expressed concern about a lack of communication between the Regional Transportation Authority and the Rio Nuevo Board. Specifically, she mentioned the expansion of the trolley downtown, the selection of the permanent relocation of Greyhound and the future of the Ronstadt Transit Center. Decisions being made on these projects by each entity could be in conflict.

Ms. Hardy asked if there was a downtown representative on the RTA's Citizens Advisory Committee. Ms. Rodriguez responded that she wasn't aware of one, but the committee is made up of representatives throughout the city.

Mr. Durband, Director of the Tucson Downtown Alliance announced that he applied to be a member of the RTA's Citizens Advisory Committee, but was not selected.

Mr. Shelko advised that City's Transportation Director Jim Glock was a member of the RTA and part of the City of Tucson's larger Rio Nuevo Team. In his opinion, Mr. Glock represents downtown/Rio Nuevo interests when he sits in for the City at these meetings.

Mr. **Michael Toney** spoke about his support for the Greenway, Rialto, Arena and Fox Theatre projects. He finished by expressing his concerns about University of Arizona Science Center and historic rail tracks. He said the cost of building the rainbow bridge has gone as high as \$400-\$500 million and the Federal Transportation Administration will not approve building something that big. As for the tracks, there's a lot of money to be made if the tracks were recycled because of the cost of steel and if you leave them in the ground they will only rust.

4. Adjournment

Ms. Hardy moved to adjourn the meeting at 6:35 p.m. Ms. Lopez seconded the motion. The motion was approved unanimously.

ATTACHMENT



PROVIDED FOR INFORMATION PURPOSES; NOT PART OF THE CITY OF TUCSON BUDGET.

MISSION STATEMENT: To create a vital downtown that expresses and nurtures Tucson's unique natural landscape, cultural heritage, rich history, and community values.

OVERVIEW

In 1999, Tucson and South Tucson voters approved the Rio Nuevo Multipurpose Facilities District and established a tax increment financing (TIF) mechanism to fund economic development downtown. The vision for Rio Nuevo is to create a vital city center that expresses Tucson's unique natural landscape, cultural heritage, and community values. Rio Nuevo will create a solid foundation on which both residents and visitors can experience the cultural riches of our community's heritage. Its residential and commercial development opportunities will re-create a vibrant core of new life in the heart and future of Tucson.

Financing for Rio Nuevo is made up of the following:

- Incremental portion of state sales tax revenues generated within the district's geographical boundaries (\$7,673,468.53 received to date);
- City funding matching the state sales tax revenue; and
- Private investment funding (commitments approaching \$500 million as of March 1, 2005)

It is projected that over the ten year life of the district, at least \$125 million of state sales tax will be made available to Rio Nuevo. State sales tax funds will be collected from the Arizona Department of Revenue over a ten-year period that began on July 1, 2003. In the end, success will be measured not by the strategic public investments, but rather the amount of leverage by private sector investments.

More information about Rio Nuevo and Downtown Tucson revitalization can be obtained by visiting the Rio Nuevo Web site at www.cityoftucson.org/rionuevo.

HIGHLIGHTS

The past year saw many accomplishments for Rio Nuevo. These include:

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- Historic Depot Restoration
- Court/Meyer Housing
- Rio Nuevo Master Plan Update
- Acquisition of the Rialto Historic Theatre
- El Presidio Adobe Structure Stabilization
- Site Preparation for the Post at Kolbe Square
- Jacome Plaza Redesign
- Development rights awarded for Presidio and Congress Blocks
- Arena Design/Build and Feasibility Teams selected
- Phase I funding for Origins approved
- Design Team for Civic & Cultural Plazas Selected

Current revitalization Goals for Downtown: FY 2006

The East End on Congress Street	
Congress Streetscape	Complete master plan and begin implementing recommendations.
Depot Plaza	Complete design of 106 units of housing and secure funding.
Fourth Avenue Underpass	Begin construction on new underpass to include trolley tracks, bike lanes and wheelchair accessible sidewalks and refurbish the historic underpass with improved lighting, decorative paving and restrict to pedestrian use. Landscaped plazas at both ends of the project.
Fox Theatre Restoration	Complete restoration of 27,000 sq. ft. 1,200 seat historic theatre.
Pennington Street Garage	Complete construction of 750 parking spaces.
Rialto Block	Begin remodeling 16 apartments, building infrastructure and restoring Congress/5th Avenue commercial façade.
Rialto Theatre Restoration	Complete renovations of 11,000 sq. ft. historic theatre.
The Post at Kolbe Square	Begin construction of 60 condominiums and 12,000 sq. ft. of first floor retail space.
Warehouse Arts District	Begin implementation of Master Plan.
Presidio	
Presidio Terrace	Complete design and begin construction of 60-unit multi-story housing with first floor retail space.
Tucson Presidio Reconstruction	Complete design for the reconstruction of the Presidio including watchtower, barracks, ammunition building and interpretive displays.
Civic Plaza in the Convention District	
Arena	Complete feasibility analyses and begin design.
Civic Plaza/Parking Structure	Begin design connecting the University of Arizona Science Center, Arena and Convention Center expansion.
University of Arizona Science Center	Begin design of \$100+ million multi-purpose center spanning the Interstate and river.
The West Side	
Arizona Historical Society	Complete feasibility study for relocation to Rio Nuevo.
Arizona State Museum	Complete feasibility study for relocation to Rio Nuevo.
Cultural Plaza	Begin design.

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Tucson Origins Heritage Park	Complete transit business relocation; design and begin constructing infrastructure.
Private Development	
Academy Lofts	Complete historic renovation of 50 unit rental property.
Armory Park del Sol	Continue sales and construction of 93-unit subdivision.
Clarion Hotel Redevelopment	Complete adaptive re-use feasibility study and begin design.
Franklin Court	Complete construction of 7 townhouses.
Ice House/Barrio Metallico	Complete construction on 51 loft units.
La Entrada Luxury Apartments	Complete 60-unit addition.
Mercado District of Menlo Park	Complete model homes for 260 unit residential development with retail and commercial space on Congress Street.
Paseo Estrella	Complete model homes and begin sales on 104 unit development.
Radisson Hotel Redevelopment	Complete feasibility analyses for mixed use and redevelopment.
Transportation Infrastructure Goals	
Ronstadt Transit Center and Greyhound	Complete location study of Greyhound and Ronstadt Transit Center facilities
Transit Analysis	Establish a locally preferred alternative for connecting major activity centers from the University of Arizona to Rio Nuevo west of I-10.
Stevens Extension	Identify preferred alternative route for Barraza-Aviation Parkway interim by-pass.
St. Mary's Road: I-10 to Church	Begin design phase for west end of the Barraza-Aviation Parkway design.
New Development Goals	
Identify and promote vacant and underutilized publicly and privately-owned real estate for redevelopment.	
Add 500 new residential units to the downtown marketplace.	
Add 25,000 square feet of new retail to the downtown marketplace.	
Implement Parking Master Plan.	
Complete long-range commercial and residential market forecasts.	

FISCAL YEAR 2006 BUDGET

The Fiscal Year 2006 budget totals \$48.21 million. This amount includes a capital budget of \$46 million and an operating budget of \$2.21 million. In addition, the district is responsible for servicing debt in the amount of \$3.7 million in the coming fiscal year. This debt service payment is returned to the district through rental income from the City of Tucson's use of the Tucson Convention Center. The district's anticipated operating and capital budget funds will come from state tax increment funding during Fiscal Year 2006.

The staff of 5.00 full-time equivalent positions is supplemented by assistance provided by city staff temporarily assigned to Rio Nuevo. The district's Board of Directors adopted the biannual budget in June 2004.

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RIO NUEVO CAPITAL AND OPERATING BUDGET

	FY 2005	FY 2006
CAPITAL BUDGET		
PROJECT		
East End		
Fox Theatre - Construction	\$ 1,300,000	\$1,000,000
Bank One Parking Lot Acquisition		800,000
Congress Streetscape		500,000
Warehouse District		
Design of Toole Streetscape	100,000	100,000
Match Capacity for Construction	-0-	
Infrastructure (East)		
Design of Streetscape	50,000	
Construction	200,000	
Thrifty Block - Demolition	750,000	
44 North Stone Renovation		1,000,000
Rialto Block Development	1,500,000	250,000
Depot Plaza - Design	30,000	
Trolley/Transit - Design, Start Construction	200,000	1,100,000
Presidio Heritage Park - Design, Construction	-0-	
Civic Plaza		
Arena		2,000,000
Gateway/Greenway		
Planning	30,000	
Match Capacity for Construction	-0-	
Drill Track/Rail Line - Track Removal	200,000	
Civic Plaza/Garage		
Design	100,000	1,750,000
Construction		4,000,000
Land Acquisition		3,500,000
University of Arizona Science Center		20,000,000
West Side		
Archaeology - Recovery, Clearance	200,000	1,000,000
Arizona Historical Society		100,000
Arizona State Museum		100,000
Citizen Auto Stage - Relocation	750,000	
Origins Heritage Park - Phase II	-0-	
Santa Cruz River Park - Design	-0-	50,000
Infrastructure (West) - Design, Construction	200,000	1,000,000
Landfill - Remediation	800,000	200,000
Cultural Plaza/Garage - Design	100,000	500,000
Other		
Origins Heritage Park - Phase I (Design & Construction of the Presidio)		1,600,000
Presidio Terrace Parking Garage		2,000,000
Cushing/Simpson Culvert		1,500,000

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Entitlements - Plats, Zoning, Planned Area Development for Arena, West Congress, and Science Center	100,000	50,000
Street Circulation		500,000
Total Capital	\$ 6,610,000	\$44,600,000

OPERATING BUDGET

Personal Services*	\$ 551,000	\$666,000
Professional Services	580,000	1,527,000
Commodities/Equipment	21,000	22,000
Total Operating	\$ 1,152,000	\$2,215,000
Total Capital and Operating	\$ 7,762,000	\$46,815,000
Debt Service		
Debt Service – Tucson Convention Center**	\$ 3,704,000	\$3,703,680
Total Capital, Operating, and Debt Service	\$ 11,466,000	\$51,518,680

*Budget includes salaries charged to Rio Nuevo from other city departments.

**Debt service payments on the financing of the Tucson Convention Center (TCC) are returned to the district in the form of rental payments from the TC