

TONOPAH TOWN BOARD

WORKSHOP MINUTES

JUNE 14, 2011

Town Board Vice Chairman Horace Carlyle called the workshop to order at 10:06 a.m. Also present was Glenn Hatch and Duane Downing. Javier Gonzalez arrived at 10:13 a.m. and Jon Zane arrived at 10:15 a.m. There were six other people in attendance.

1. Convention Center Project

Horace Carlyle noted that the Town received a letter from CDBG, stating what they want in order for the Town to qualify for the funding. He explained that he was looking for alternatives and he put a model together for what the Town may have to do to qualify. He feels there are two ways to go. The Town could request a loan from USDA for \$800,000. With the loan, the Special Capital Projects funds, and the CDBG money, he feels this would give the Town enough money to complete the proposed repairs on the Belvada to at least bring it up to past standards. He noted that this would not bring it up to current seismic codes. He explained that there would still be money left over for the Town to at least do the \$336,587 on the roof, heating, insulation, and possibly the kitchen on the Convention Center. He feels that if the Town is not going to act in good faith with the letter from CDBG it will not qualify for the \$250,000 grant.

Horace Carlyle explained that if the Town were to borrow \$800,000 from USDA and move forward with the Belvada as the primary building, the Town can use the overlapping funds from the Special Capital Projects fund and any money left over from the loan to make some significant upgrades to the Convention Center. He presented some tentative numbers. At \$800,000, the Town would be liable for \$49,750.89 per year and have monthly payments of \$4,146.41. The offset would be part of the property tax the Town receives. Susan Dudley noted that the Town usually receives between \$35,000 and \$40,000, based on the assessed valuation. Horace Carlyle noted that the Town would not be spending all the funds from the Special Capital Projects Fund. He noted that out of the Room Tax Fund, the Town would be obligating approximately \$1,664. He noted that after ten years, the yearly payments would drop down to \$44,781 and monthly payments would drop to \$3,732. The Town would be saving \$4,968 after ten years. Depending on the Board at the time, it may want to use that to expedite the loan payoff. The Town would also have savings on operating costs on the Convention Center. He feels this is doable because the Town is looking at about \$20,000 a year coming out of Room Tax.

Susan Dudley noted that \$846,016 is the architect's proposal for Tab E for the Belvada. She explained that \$336,587 is the estimate for the roof, HVAC, and lighting on the Convention Center. She explained that if the Town goes with the USDA loan, they require certain things of the architect. If the Town went with the loan, \$213,135 in architect fees would cover the \$175,000 for construction, the reimbursables, \$35,000 in closing costs for a total project cost of \$1,430,738. With the \$800,00 loan from USDA, there is \$630,753 remaining to fund. With the \$250,000 from CDBG, there is \$380,738 remaining to fund. There is \$249,000 plus \$21,000 in the current year so the Town is just a little short. Horace Carlyle questioned what would be left

in the \$800,000 loan after doing the Belvada. Susan Dudley explained that with the \$250,000 from CDBG, there would be \$596,016 left on the Belvada to fund. She explained that if the Town went with the USDA Rural Development scenario, it has committed to pay architect costs and closing costs out of Town funds. The money from USDA and CDBG just go into construction on the building.

Horace Carlyle questioned what the cost was on the architect fees. Susan Dudley explained that they quoted \$175,225 for both buildings. She noted that if the Board backed off on the Convention Center she does not know what that cost would be. She explained that if the Board went with what Mr. Carlyle suggested on the Belvada, it would not have to go all the way with the fees. Susan Dudley explained that \$175,225 was for the design on both buildings; \$17,910 is for travel and reimbursables; \$20,000 is for resident inspection. The total is \$213,135 but there would be a slight reduction if the Board decided not to do the full design on the Convention Center. She explained that the total cost of the project, including \$846,000 for the Belvada, \$336,000 for the Convention Center roof, \$213,135 for architect fees, and \$35,000 for closing costs, is \$1,430,738. She explained that \$800,000 from a USDA loan leaves \$630,738 and \$250,000 from CDBG leaves \$380,738 for the Town's match. She noted that \$336,587 is what Aptus was asked to separated out to do the roof, the heating and air conditioning, and the electrical on the Convention Center. Horace Carlyle noted that the funding would be about \$110,000 short. Susan Dudley noted that the architect fees will probably not be as much. She explained that the architect numbers are preliminary and are just a planning tool. The final design will have more accurate numbers and the bids could come in low. She noted that these numbers include 15% contingency. She explained that the Brownsfield report is still unknown so the costs to mitigate issues on the Convention center are not yet fully known. She explained that they did the Phase II on the Belvada at the same time they did the Phase I on the Convention Center.

Javier Gonzalez questioned what part of completion the \$1.4 million would put the Belvada at. Susan Dudley explained that it would put the Belvada at 100% of Tab E: the first floor, the fire protection, some things to help the seismic issue, the basement, windows, the roof, repointing of the bricks, cleaning the stone, and the gutters and downspouts. Javier Gonzalez confirmed that the building would be usable. Susan Dudley explained that Mr. Carlyle's idea involves going back to Tab E for the Belvada.

Horace Carlyle reiterated that he feels the Town will not qualify for the \$250,000 from CDBG unless the Town develops a concrete plan to substantially upgrade the Belvada. He noted that if the Town borrows \$800,000 from USDA, the debt payment per year would be \$49,756 and a monthly payment of \$4,146 and the offset would be \$30,000 per year plus \$2,500 per month. Additionally, the Town would contribute \$16,064 per year. There is also a good chance that there would be savings on the operations of the Convention Center based on the upgrades.

James Eason explained that if the Town takes the CDBG money, it has to be very careful with any partnership it does. He explained that there could be options to work with other individuals in the community to stabilize the outside of the building in a private/public partnership. He explained that before the Town takes on the USDA loan, it needs to verify that it can still do a partnership. He explained that under this plan the Town is just fixing the out of control problems

on the Convention Center and stabilizing the Belvada to use the first floor as a compliment to the Convention Center. Horace Carlyle noted that he advocates setting up a fund out of the regular budget where the Town puts in money each year solely designated to the upgrading of the Convention Center so every three to five years it can do something with the building.

Jon Zane noted that he is all for securing the Belvada. He feels that if the Town secures the building, it gets to have a say in what happens to the building. He expressed a concern over having to take ownership of the building before the funding is secured. Susan Dudley explained that when the Town first started talking about the project, it developed into two buildings and two funders: USDA for both buildings and CDBG for those items in the Belvada that related to the public health and safety issues. She noted that she has asked USDA what impact not doing the Belvada would have. She explained that the Town has a year to really start the project to be able to expend all of the funding by 2015. She noted that the Board asked the architects to put together the costs of making the needed repairs on the Convention Center. She explained that it would be worth asking CDBG if it is possible to delay the decision until the Board has made a decision regarding USDA.

Horace Carlyle feels that it is imperative that the Board has some commonality before the June 22, 2011 Tonopah Town Board meeting. He feels that the Town has a better chance of getting what it wants if it emphasizes the Belvada.

Susan Dudley noted that Key Vernatter from USDA wants to discuss possible alternatives to the project, such as phasing, at the next Tonopah Town Board meeting. Horace Carlyle felt that the Board needs to have some outlook it can coherently express. He noted that at the June 22, 2011 meeting, the Board will be voting on a water project. Once a project is approved, the Town has to pay for Shaw Engineering to design it. He does not feel that TPU has funding for that within the budget and feels the Town may have to fund the design work or develop another way to fund it. Susan Dudley explained that she has been working with the funders so there could be a possibility of having one of the funders fund part of the design work.

Glenn Hatch questioned if the money allocated for the Belvada included bringing in the lateral supports. Susan Dudley explained that there was something put in to for limited seismic support. James Eason explained that to complete the full seismic support the cost is between \$1,000,000 and \$2,000,000 million. Susan Dudley noted that the \$800,000 for the Belvada includes a minor seismic bracing. Horace Carlyle questioned what the individual incident liability coverage through Pool/Pact is. James Eason informed the Board that it is \$1,000,000. Horace Carlyle noted that unless there is a major earthquake in excess of five, there will probably be only minimal damage to the building.

Duane Downing noted that he does not have an issue with the seismic stability of the building. His only concern is the water project. He noted that if the water rates go up and the citizens of Tonopah see the Town spending money on rehabbing the Belvada, they will be upset. James Eason explained that these are two separate projects. He noted that TPU is an enterprise fund that needs to be self sufficient. When the Town goes through the loan process with USDA, it will look at whether or not the water company is able to stand on its own. Duane Downing noted that

the citizens do not look at the Town and TPU as separate entities. They see them as the same entity.

Susan Dudley explained that the water project is about \$7 million if arsenic is mitigated without a water treatment plant. In 2008 the Board raised the rates sufficient to cover the cost of operating the water utility and to help cover the debt. In November 2010, the Board took an additional step and is taking some of the charges for service and adding it to the new debt. Currently there is sufficient funding for a loan. She noted that she does not currently see the Board having to raise the rates for the water project. Glenn Hatch noted that there is a possibility of more housing needed for the solar project and the possibility of two or three mines starting in the area. He noted that currently the Town cannot afford to put housing in because it cannot supply them with the water.

James Eason asked the Board for their individual opinions. He wants to know what the Board really thinks about doing the buildings. He noted that there are a lot of different options, including not doing anything.

Jon Zane explained that he has always been for a new community center. He explained that when the Board first started talking about this, he wanted to put it in the firehouse. He noted that he likes the Belvada idea. It is a pillar of the community and he feels it is a project the Town should seize even if nothing is done with it right away. He noted that he likes the pay-as-you go idea. He explained that the Town cannot do nothing. He explained that there are repairs that have to be made to the Convention Center and if they do not get repaired and the problems keep getting patched but not repaired, soon there will be a problem that the Town cannot afford to fix.

Glenn Hatch explained that he feels it is imperative that the Town fix the Convention Center.

Horace Carlyle noted that the Board has pretty much decided that it needs to do the minimum amount of structural work on the Convention Center to keep it in service. He feels that getting the \$250,000 from CDBG will not be an issue as long as the Town commits to the original project. He noted that the Board directed staff to go to CDBG and change the circumstances. He does not feel there is an issue with getting the grant if the Board proposes doing Tab E with the Belvada. He does not feel that the Town will get the grant if it does not have a program to update the building and make it usable. He noted that if the Town can make the building functional and stable, the upside may be greater than anyone could anticipate. He noted that once the Town gets the basics, then each year it can look at and possibly allocate funds for other projects on the buildings. He does not feel that a \$20,000 commitment will compromise the Town's finances. He feels that the Town can do many things, including continuing with the commitment of upgrading the Convention Center for \$360,000 and let the Belvada go back to the County. He noted that the Town has a continuing relationship with CDBG and feels that it is imperative that the Board has a firm and positive representation to CDBG because the Town may need funding from them in the future.

Javier Gonzalez feels that if the Town does anything with the Belvada, it should use it and put it to a place where it can be used. He does not feel that this is currently a convention town but he feels

the Town uses the Convention Center enough that the Town should at least use it for the benefit of Tonopah. He noted that it is a beautiful building, it is an historical landmark, and it is a part of the skyline. He noted that he would like to get the Belvada fully functional and fix the Convention Center. He explained that he would like to see this project go forward.

Glenn Hatch explained that if the Town could upgrade the electronics in the Convention Center, it could be a lot more functional and draw more crowds and conventions. He noted that the Town needs to redo the kitchen. Javier Gonzalez noted that the kitchen may be more of a pay-as-you go thing but is something that can be addressed.

Duane Downing noted that the Board has the ability to have \$250,000 of the project paid for. He noted that if the Town decides to walk away from the building it will be beyond repair in a few years and the Town will wind up with other problems involving the building. He explained that if the Town decides to go forward with taking the building and the CDBG money, take the money from USDA and get the building usable. He explained that at times the Convention Center is going to be unavailable because of construction. There will be another facility that can be utilized. It also gives the Town the ability to make the necessary upgrades to the Convention Center. He noted that once the first floor of the Belvada is done, over time the Town can look at what it can do to utilize the upper floors.

Horace Carlyle explained that if the Town takes the Belvada, it needs a commitment from CDBG for the \$250,000. James Eason explained that this question cannot be answered until the following week. Susan Dudley explained that when CDBG asked why the Town has not taken title to the building and she explained that the Town would not take title until it had committed funds. James Eason explained that during the presentation to CDBG, it was very clear that without the \$250,000, the Town could not do the project. James Eason clarified that Mr. Carlyle's proposal is to do the Belvada in its entirety as outlined in Tab E and take the approach of redoing the roof and HVAC on the Convention Center and loan against that amount. Susan Dudley explained that part of the \$800,000 loan has to go to the Convention Center because the total cost for the Belvada is \$846,000, of which \$250,000 is coming from CDBG. There is only \$596,000 going towards the Belvada. The remaining money from the \$800,000 would go to the Convention Center. James Eason noted that this would cover the roofing and HVAC. Javier Gonzalez noted that this will also give the Town credibility with CDBG.

Duane Downing questioned if the total amount of the USDA loan will still be available over the next few years. Susan Dudley explained that the Board needs to talk to USDA when they come to the meeting on June 22, 2011. She explained that the letter from Kay Vernatter from USDA presents phases for the project. Phase I is to utilize CDBG funding. Phase II covers completion of the interior of the Belvada. Susan Dudley explained that CDBG funding is for the outside and USDA funding can be utilized for the interior of the building. Phase III is the Convention Center. Susan Dudley explained that there is a possibility the loan could be closed on in two parts. The Board could close on the \$800,000 portion of the loan for this part of the project and close on the remaining funds later should it chose to go that route. Horace Carlyle questioned if the Town would be required to take the balance of the loan. Susan Dudley explained that this is why USDA presents the scenario where the Town pays for everything up front and then close on the

loan for what is spent. She reminded the Board that they have to complete the project and fully expend the funds by 2015. James Eason explained that this is a great alternative and it makes a lot of sense. Susan Dudley questioned the Board if they would like her to prepare Des Craig from CDBG to answer questions about the commitment of funds before taking title to the building. She noted that the best way to work with them is to feed them as much information as possible so they have a chance to absorb it and are better prepared to answer questions from the Board.

James Eason explained that there are three options, excluding the current one, that have been presented to the Board. The first option is to do nothing. The second option is Tab E and funding the Belvada and the Convention Center in its entirety. This option was rejected. The third proposal is to do modifications only to the Convention Center. The current option is a fourth option. He noted that the Board has examined all the options in an attempt to thoroughly exhaust what the Town can do. He noted that when the Board started this project, the goal was to make Tonopah a convention town once again. He wanted to know if the Board felt Tonopah could become a convention town again or is the Town better off just serving the needs of the town. He noted that the Mizpah and the Station House are spending money in anticipation of making money but if they do not make money then the buildings will close. Jon Zane feels the Town should be self-supportive and should have the ability to offer convention space. James Eason explained that the project is not for individual business; it is for the people of Tonopah and into the future.

Jon Zane reiterated that the Town needs to be self-supportive. He explained that the Town has a beautiful fairground facility but does not have the convention space to support that. He noted that there is no kitchen in the Convention Center. The more room there is the more people are going to look. If the Town has the ability to hold more conventions, it benefits the Town. He feels it is a positive direction for the Town and he is for soliciting for conventions. James Eason noted that in the '80s and '90s the budget for the Convention Center was \$300,000. He noted that the revenue coming in from all the conventions was not what it is now. The liability the Town took on with the Mining Park is far greater than the Belvada or any other buildings the Town has picked up. The Board committed \$100,000 a year from room tax to the Mining Park in an effort to promote tourism. The Town has diversified. He noted that past Boards have decided to use room tax money to pay for parks, to pay for the Mining Park, and to help subsidize the swimming pool. He noted that the pool is a great luxury the Board provides for the people of Tonopah. Jon Zane noted that the Mining Park is a great addition to the Town and the feedback from some of the events at the Mining Park is great. James Eason noted that the feedback from the Convention Center is great. He explained that the Town has climbed out of a big hole from six years ago.

Horace Carlyle explained that he does not base any of his suggestions to the Board based on conventions. He perceives it as gaining facilities that will give more options that will be more attractive as a community. He feels that the Board is looking at a vision and how to follow through on that vision. He feels that the proposals offer an opportunity to do more conventions. He reiterated that he is not looking at conventions but what the Board is creating for future usability.

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Javier Gonzalez noted that he does not feel Tonopah is a convention town any longer. He noted that the Town can get a lot of conventions. Because Tonopah is centrally located there are a lot of things the Town could get in here. He feels Tonopah could be a convention town if it wanted to be.

Glenn Hatch feels that this could be a great convention town again. He feels that the electronics could really held with conventions.

Duane Downing feels that the Convention Center is more of a community center than an actual convention center. He feels there is the possibility down the road of hosting more conventions. He feels that if the Board moves forward and starts fixing the problems with the Convention Center and gaining the Belvada as a facility, the possibilities are endless. He noted that he would like to see the Convention Center as a staple of the community.

2. Public Comment

No action taken by the Board.

3. Adjourn

Workshop was adjourned at 11:50 pm.

Minutes transcribed by:

Mariah Rivero

Approved:

Jon Zane, Chairman

Horace Carlyle, Vice Chairman

Javier Gonzalez, Clerk

Glenn Hatch, Member

Duane Downing, Member