

**AGENDA SUMMARY PAGE**  
**CITY COUNCIL MEETING OF: DECEMBER 1, 2010**

**DEPARTMENT: CITY MANAGER**

**DIRECTOR: ELIZABETH N. FRETWELL**

Consent  Discussion

**SUBJECT:**

ADMINISTRATIVE:

Discussion and possible action regarding a Disposition and Development Agreement for the sale and lease back of land and improvements at 400 Stewart Avenue and 221 North Las Vegas Boulevard totaling approximately 7.75 acres and a purchase option for vacant parcels northeast of Las Vegas Boulevard and Stewart Avenue totaling approximately 6.88 acres (APNs 139-34-501-003 and -011, -510-045, -512-001, -004, -005, -008, -009 to -015, -018 to -025, -034 to -039, -048, -050 to -053, -055 to -056, -099 and -100) (Contingent Liability, Not to Exceed \$12,000,000 and Revenue of \$25,000,000) – Ward 5 (Barlow)

**Fiscal Impact**

No Impact

Augmentation Required

Budget Funds Available

**Amount:** \$12,000,000 and Revenue \$25,000,000

**Funding Source:** Capital Project Fund and Public Safety

**Dept./Division:** Finance & Business Services

**PURPOSE/BACKGROUND:**

The purpose of the Disposition and Development Agreement (DDA) is to sell the existing City Hall building and garage, as well as, the Stewart Avenue Parking Garage and KCLV Studio building (City Hall Site) for \$25 million to a developer for the benefit of an end user who will lease the entire City Hall Site for use as a corporate headquarters.

**RECOMMENDATION:**

Approval, subject to requirements for economic development exemption in NRS 268; appropriation of \$12 million for funding a contingent liability of the DDA.

**BACKUP DOCUMENTATION:**

1. Agenda Memo
2. Disposition and Development Agreement – Final City Council Draft
3. Executed Disposition and Development Agreement and Disclosure of Ownership/Principals
4. Submitted at Meeting – PowerPoint Presentation by Staff

Motion made by RICKI Y. BARLOW to Approve as amended

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

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

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NOTE: MAYOR GOODMAN requested an affirmative vote on behalf of COUNCILWOMAN TARKANIAN, who authorized him to vote affirmatively for her in her absence.

Minutes:

A videotape was shown, but a copy was not submitted.

Before going over the agreement for this business venture, BILL ARENT, Director of the Office of Business Development, had videotape shown depicting the transformation of the downtown area, with its varied entertainment, shopping and business venues and how Zappos could be a part of that transformation and help market the downtown area.

MR. ARENT noted amendments to this Disposition and Development Agreement between the City of Las Vegas and Resort Gaming Group, Inc. Using a PowerPoint Presentation that was submitted, he detailed 12 slides regarding development opportunity of the City Hall complex, business retention opportunity, the project for Zappos, key development terms for City Hall, City Hall lease-back terms, disposition terms of option site, economic development benefits, projected fiscal benefits to the City and the actions requested of the Council.

ANDREW DONNER, Resort Gaming Group, LLC, was honored to be a part of the historic announcement that Zappos will become a workplace in the downtown area for many people. He mentioned the different business opportunities the campus will spawn, as well as the various downtown ambassadors that have given their spirit to contributing to the revitalization of the entire downtown area, a vision started by the members of the City Council.

MR. DONNER thanked the many people that were involved and instrumental in negotiating this agreement.

TONY HSIEH, Zappos CEO, said that Zappos started in San Francisco and moved to Las Vegas with approximately 70 employees. It has grown to over 1,000 employees in the Las Vegas area. In 2008, the company grossed \$1 billion in merchandise sales, and continues to grow despite the down economy. He is very excited about the future of Zappos, especially to grow and help build the culture of Las Vegas.

With great emotion, COUNCILMAN REESE stated that this transaction means a lot to him because City Hall has been his third home during his tenure. It is very rewarding for him to see that people from Las Vegas will be put to work through this business venture. He thanked CITY MANAGER ELIZABETH FRETWELL, CHIEF URBAN REDEVELOPMENT OFFICER SCOTT ADAMS, MR. DONNER and MR. HSIEH for their efforts in this matter.

COUNCILMAN WOLFSON questioned the risks in this transaction, to which MR. ARENT answered that no action would be the biggest risk because the existing building will be vacant once the new City Hall is occupied, as well as escrow not closing and the City not evacuating on target so that Zappos can move forward with its plans for this site.

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COUNCILMAN WOLFSON echoed the comments of Governor-Elect BRIAN SANDOVAL, that of great import to Nevada are the economy and jobs. The Councilman regards Zappos as a wonderful addition to the urban core of Las Vegas.

COUNCILMAN ROSS stated that the addition of Zappos to downtown will change the values of downtown properties. With a great deal of excitement, he thanked MR. HSIEH and MR. DONNER.

COUNCILMAN ANTHONY regarded this as a mutual-need transaction. This site is perfect for Zappos, while the City of Las Vegas will have a major headquarter company in the downtown area, and can use the proceeds from the sale, along with the tax increments, toward payment for the new City Hall building, which he verified with MR. ARENT.

MAYOR GOODMAN characterized this transaction as one that will change forever the social fabric of the Las Vegas community and help shape the future of Las Vegas, taking it to the whole new level of major league. He thanked all those involved for thier support, particularly COUNCILMAN BARLOW for his involvement in and commitment to improving Ward 5.

COUNCILMAN BARLOW reflected to his days of growing up and playing in the City Hall area, and stated that being a part of the wonderful development that is occurring in the area fills him with great emotion. He read the City's vision, mission and priorities statements, noting that bringing Zappos is helping to fulfill all three.

