



COUNCIL MINUTES

June 2, 2016

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on June 2, 2016 at 7:31 a.m.

COUNCIL PRESENT

John Giles
Alex Finter
Christopher Glover
Dennis Kavanaugh
David Luna
Dave Richins
Kevin Thompson

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Jim Smith
Dee Ann Mickelsen

1. Review items on the agenda for the June 6, 2016 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflict of interest: None.

Items removed from the consent agenda: None.

2-a. Hear a presentation, discuss and provide direction on the proposed Mesa multi-sport athletic, field house, and events complex relating to:

1. Capital and operations and maintenance funding and required Charter authorization; and
2. A Memorandum of Understanding with Visit Mesa for the operations and maintenance funding.

Parks, Recreation and Community Facilities Director Marc Heirshberg introduced Marc Garcia, Visit Mesa President and CEO. Mr. Heirshberg displayed a PowerPoint presentation related to the proposed Mesa Sports Complex. (**See Attachment 1**)

Mr. Heirshberg gave a brief synopsis of the components of the Mesa Sports Complex (See Page 2 of Attachment 1) as follows:

- Located at Brown Road and 80th Street
- 110,000 sq. ft. fieldhouse

- 10 lighted synthetic turf fields, including 1 stadium field with flexible seating
- 14 lighted natural grass fields, including 1 stadium field with flexible seating
- Onsite parking for 2,600+ vehicles
- Onsite concession operations
- Restrooms/locker rooms, meeting and office space

In response to a question from Councilmember Richins, Mr. Heirshberg explained that if the project moves forward, then staff would need to look at onsite water retention and an onsite water source. He noted that the options are either to expand the present lake or build a separate lake with a water feature at the entrance of 80th Street and Brown Road in order to integrate the centers.

In response to a question from Councilmember Richins, Mr. Garcia informed the Council that, other than communication through the youth and amateur sports community, the residents nearby have not yet been engaged.

Councilmember Richins stated that the buffering between the neighborhoods and the complex would need to be addressed.

Mr. Heirshberg described water features that have been included in many park improvement projects through the years. He stated that one example is Riverview Park, where the lake services the urban fishing community and acts as a great amenity and park monument, but most importantly it serves as irrigation to the park. He explained that the lake helps lower the cost by storing water in the lake that is pumped out for irrigation, as opposed to using potable water. He added that the Mesa Sports Complex has the same concept as Riverview Park, Greenfield Park, and Dobson Ranch Park, which was converted from potable water to lake water.

In response to a question from Councilmember Finter, Mr. Heirshberg confirmed that staff has not yet engaged in the traffic aspect but will address that if Council approves moving forward with the project. He indicated that the proposed lighting is new LED lighting which radiates a lot of light in a focused area with little spillover.

Mr. Heirshberg explained that the field space offers opportunities for multiple sports such as soccer, football, lacrosse, rugby, kickball and more. He stated that staff worked with Visit Mesa to add six synthetic turf fields, which allows us to meet the need for practice space for local youth sports organizations. He clarified that Mesa currently has a shortage of lighted ball fields. (See Page 3 of Attachment 2)

In response to a question from Councilmember Richins related to the Red Mountain Soccer Complex, Mr. Heirshberg confirmed that it has six existing fields that will be programmed together with the Mesa Sports Complex. He reported that staff will examine the irrigation system of existing fields for any potential improvements.

In response to a question from Councilmember Luna, Mr. Heirshberg confirmed that Dr. Steve Hogan of Mesa Public Schools (MPS) is a major stakeholder and is supportive of the project and the opportunities that it creates for MPS, as well as for Arizona Interscholastic Association (AIA).

Mr. Heirshberg described the fieldhouse as the largest indoor event space in Mesa. He pointed out that the open shell concept allows flexibility to host a variety of events such as basketball, wrestling, dance/cheerleading competitions, martial arts, as well as banquet and exhibit space. (See Page 4 of Attachment 1)

In response to a question from Vice Mayor Kavanaugh, Mr. Garcia explained that Mesa does not have a space large enough for many events and has to turn people away. He added that the fieldhouse offers an opportunity to satisfy corporate association meetings, government meetings, and charitable events.

Councilmember Thompson asked if it made more sense to have this type of multi-use space located downtown, rather than in Northeast Mesa. He suggested that Site 17 or part of the greenspace near the existing convention center may offer a more ideal location.

In response to a question from Mayor Giles related to the proposed location, Mr. Heirshberg explained that the idea behind the location is that locker rooms, restrooms, and office space could be included near the fields. He reported that he has visited trade shows where event organizers and organizations expressed a need for the above-listed items to be available near the fields. He added that another driving factor was the size of the land that is available in Northeast Mesa.

Mr. Garcia pointed out that another reason for the proposed location was to guarantee that most of the hotel consumption will happen in Mesa, rather than bordering cities.

In response to a question from Councilmember Luna related to the land use requirement, Mr. Heirshberg confirmed that the proposed location was land deeded to the City by the Bureau of Land Management under a license agreement that maintains recreational activity.

City Manager Christopher Brady stated that he confirmed with Development Services that the Dark Skies Ordinance does not apply to the proposed area due to the elevation.

Councilmember Richins concurred with Councilmember Thompson and Vice Mayor Kavanaugh that the fieldhouse component seems out of place and suggested that staff consider leveraging the existing convention center.

In response to a question from Councilmember Luna, Mr. Heirshberg confirmed that the primary use of the fieldhouse would be for sports and the secondary use would be an open concept with movable components that will offer the opportunity for other types of events.

Mr. Garcia pointed out that the design elements were derived from the surveys completed by the rights holders of over 400 events. He recalled that the purpose of the fieldhouse is to drive youth and amateur sports indoors, which is a service that Mesa is currently unable to offer.

Councilmember Richins disagreed and commented that if staff wants to explore uses beyond a sports complex, then they need to fully explore all options.

In response to a question from Mayor Giles, Mr. Heirshberg confirmed that a commercial kitchen has been incorporated into the sports complex in order to accommodate concessions.

Mr. Heirshberg continued by reviewing the construction budget that is estimated to be approximately \$58 million. He explained that capital construction costs would need to be financed through a secondary property tax, which is estimated at an annual household cost of \$18. He pointed out that the operating budget estimated at \$2.6 million includes a capital reserve fund of \$350,000, which is in preparation for synthetic turf field replacements every 8-10 years. (See Pages 5 through 7 of Attachment 1)

Mr. Heirshberg reported that operations will be fully funded by the revenues generated by the Mesa Sports Complex (See Page 8 of Attachment 1), such as the following sources:

- Onsite revenues
- Induced sales tax
- Additional bed tax generated
- Dedicated 1% bed tax

Mr. Heirshberg announced that Visit Mesa and the tourism industry recommend a 1% increase in bed tax to support the operations of the complex.

Mr. Garcia indicated that the Visit Mesa Board has communicated with the local hotels who support the bed tax increase, recognizing that they will receive more business on the back end.

Mr. Heirshberg listed the next steps and the resolutions to be considered, should Council choose to move forward with this item. (See Page 9 of Attachment 1)

In response to a question from Councilmember Richins, Mr. Heirshberg confirmed that Mesa is responsible for maintaining the sports complex.

Councilmember Richins suggested that it may be a future conflict if the revenue is generated by bed tax, yet the operation is maintained by the City. He inquired if the City is fiscally responsible for some of the money being generated by others.

Mr. Brady explained that staff is specifically working on a Memorandum of Understanding (MOU) with Visit Mesa that establishes the concept that all revenues generated onsite are the first dollars used to help pay for the operations, followed by an operation offset from the 1% increased bed tax, which is currently estimated at \$900,000 a year and will grow.

Mr. Garcia announced that Mesa's bed tax is currently 5% and increasing by 1% would make Mesa the second highest in the Valley, but in line with other Valley municipalities.

Mr. Brady explained that after exhausting all other revenue sources (i.e., onsite revenues, additional 1% tax, bed tax, sales tax associated to facility visitors), any potential shortfalls would be withheld from the original bed tax. He stated that a 10-year pro forma indicates it will do well for a few years, plus a few years of pulling from today's bed tax, which will grow. He added that staff has estimated conservatively and still shows that Visit Mesa will benefit.

In response to a question from Councilmember Richins, Mr. Heirshberg agreed to contact Water Resources Department Director Dan Cleavenger regarding increased water costs.

Councilmember Richins requested that staff engage in a study of another sports complex with financial modeling, and present to Council the performance results after at least five years of operation. He implied that promises are not always kept and Mesa needs to be able to make the case that this complex will be successful.

Mayor Giles reported that Frisco, Texas built a similar sports complex that has been successful and suggested including it in the study.

In response to a question from Councilmember Finter, City Attorney Jim Smith explained that if Council moves forward with this item, then the ballot would include three questions related to the following (See Page 9 of Attachment 1):

- 613 Charter approval to build a sports complex costing more than \$1.5 million
- Authorization to increase the bed tax by 1%
- Authorization to issue a secondary property tax for \$58 million of capital construction costs

Councilmember Finter expressed the opinion that adding multiple questions to the ballot during an election time may overwhelm the voter due to the fact that some outreach efforts have not yet been accomplished.

Mr. Garcia reported that municipal and state governments have proven that they are not sustainable without visitor dollars. He advised that this project would entice people and act as a placemaker in the community, drawing visitors to Mesa for tournaments instead of going to Scottsdale or Avondale.

Councilmember Finter reiterated that overwhelming the voters with too many questions may cause them to vote no on everything, which jeopardizes other important issues on the ballot.

Mayor Giles supported the project and indicated that the community is anxious for lighted fields. He acknowledged Councilmember Finter's concern and advised that Council discuss the best time to place this item on the ballot.

Councilmember Richins commented that he would have liked the sports complex project to be driven by the citizens, rather than planned from the top down. He stated that we are in a fiscally and politically constrained environment, and asked Mr. Garcia and Mr. Heirshberg whether their priorities were for a soccer field or a fieldhouse.

Mr. Garcia replied that the fields are the most important since the focus of the project is to attract more visitors and tax dollars to Mesa.

Mr. Heirshberg emphasized that the fieldhouse excites him due to the fact that indoor space is so necessary in Arizona, but agreed that the fields are the most important element of the project.

Councilmember Luna stated that he lives near the proposed area and has discussed the plan with the community. He added that he and the community are excited about the sports complex and agree that it is a great opportunity for Mesa. He thanked staff for the presentation and advised that they need to meet with the residents for input on the process moving forward.

Vice Mayor Kavanaugh recalled that in the past, Council declined the Field of Dreams due to unanswered questions and that a neighboring community has since suffered the consequences. He indicated that due diligence has been met on this project and this type of complex is necessary to attract visitors. He informed the Council that public safety, parks, and other services are paid for by bed tax and this project would increase that revenue. He expressed the opinion that the fieldhouse is a good idea due to the fact that it offers flexibility and indoor facilities that are needed six months out of the year. He said that he spoke to residents who supported the idea once they learned that others are not making money from the complex that it is owned by the City of Mesa.

In response to a question from Councilmember Thompson regarding the current debt capacity, Mr. Brady clarified that it is below 50% and would remain within that range with regard to future public safety and parks projects. He added that this project would not have an impact on 2018 from a fiscal standpoint, but they may need to compare a tax bill in Mesa to other communities in the future.

Councilmember Glover stated that he supports the complex and it could be a point of pride for Mesa, one of the few projects going out to voters that offers them a positive return on their investment. He pointed out that Visit Mesa has worked diligently with our parks department and the community and is also accountable for the project's success.

Mayor Giles thanked staff and Visit Mesa for all of their hard work on this project.

Mr. Brady advised that today's discussion was an opportunity to brief Council on the project and provided the timeline for the next steps. He stated that at the June 9th Study Session, staff and Council will review the finalization of the MOU and the secondary property tax, and begin preparing items in order to be ready to take action on June 20th.

Councilmember Thompson suggested that Mr. Heirshberg reach out to the community regarding this project to ensure that the citizens are included.

Mr. Brady indicated that it is early in the process and research must be done related to traffic capacity and any potential neighborhood issues, which will involve communication with the residents in that neighborhood.

In response to a question from Councilmember Finter, Mr. Brady informed the Council that staff would soon share the ballot language that needs to be completed by June 16, 2016.

3. Information pertaining to the current Job Order Contracting projects.

There was no discussion on this item.

4. Approve minutes from an Executive Session held on May 19, 2016.

It was moved by Vice Mayor Kavanaugh, seconded by Councilmember Glover, that the above-listed minutes approved.

Carried unanimously.

5. Acknowledge receipt of minutes of various boards and committees.

5-a. Parks and Recreation Advisory Board meeting held on March 9, 2016.

It was moved by Vice Mayor Kavanaugh, seconded by Councilmember Luna, that receipt of the above-listed minutes be acknowledged.

Carried unanimously.

6. Hear reports on meetings and/or conferences attended.

There were no reports on meetings and/or conferences attended.

7. Scheduling of meetings and general information.

City Manager Christopher Brady recognized Chief Information Officer Diane Gardner who is retiring after 28 years of service with the City of Mesa. Members of Council thanked her for her service.

Mr. Brady stated that the schedule of meetings is as follows:

Sunday, June 5, 2016 – Free Sunday at the Arizona Museum of Natural History

Monday, June 6, 2016, 5:15 p.m. – Study Session

Monday, June 6, 2016, 5:45 p.m. – Regular Council Meeting

8. Adjournment.

Without objection, the Study Session adjourned at 8:35 a.m.

JOHN GILES, MAYOR

ATTEST:

DEE ANN MICKELSEN, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 2nd day of June, 2016. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

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(Attachment – 1)

Proposed Mesa Sports Complex

June 2, 2016



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Mesa Sports Complex Components

- Located at Brown Road and 80th Street
- 110,000 sf. Fieldhouse
- 10 Lighted Synthetic Turf Fields
 - 1 stadium field with flexible seating
- 14 Lighted Natural Grass Fields
 - 1 Stadium field with flexible seating
- On-site parking for 2,600+ vehicles
- On-site Concession Operations
- Restrooms/Locker rooms, meeting and office space



Mesa Sports Complex Fields

- Field space provides opportunities for multiple sports:
 - Soccer, football, lacrosse, rugby, kickball, and more
- Synthetic turf fields provides practice space for local youth sports organizations
- Stadiums would accommodate high school championships, NCAA competitions, graduations, and more



Mesa Sports Complex Fieldhouse

Fieldhouse becomes the largest indoor event space in Mesa:

- 12 basketball courts, 24 volleyball courts, 12 wrestling mats
- Dance competitions, Cheerleading, Martial Arts, Boxing and more
- Banquet and exhibit space



Mesa Sports Complex Construction Budget



Field Construction	Preliminary Budget
10 Synthetic Turf and 14 Natural Grass Playing Fields	\$36,000,000
Fieldhouse Construction	Preliminary Budget
110,000 square foot fieldhouse	\$22,000,000
TOTAL PROJECT COSTS	\$58,000,000

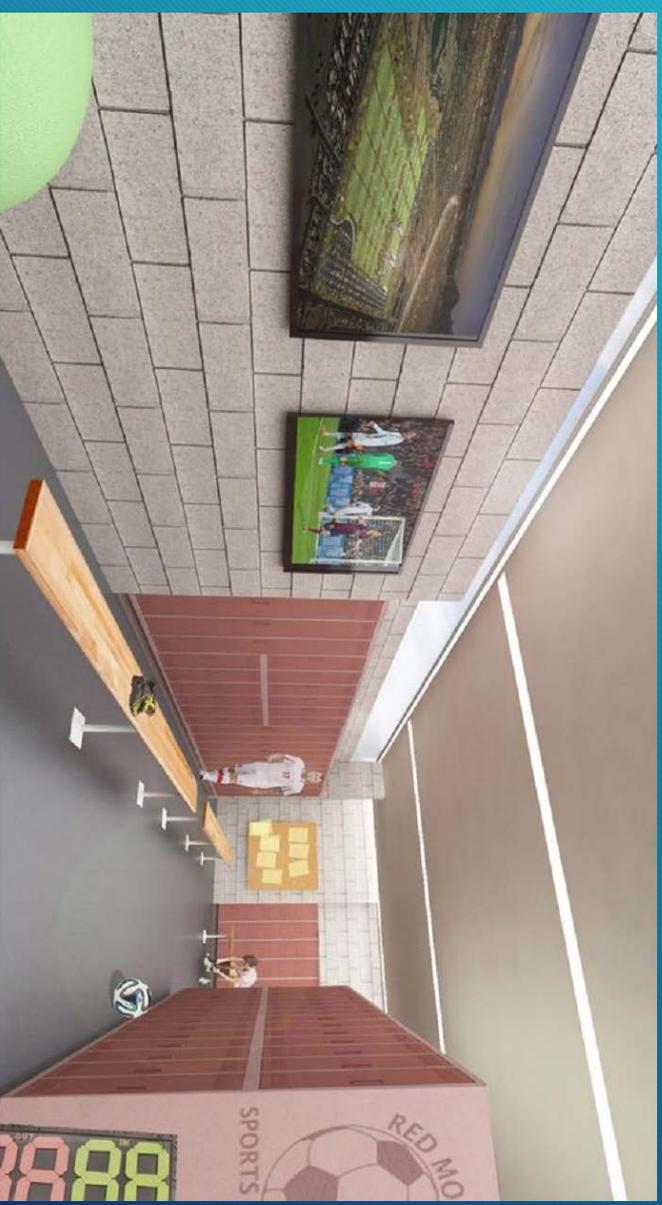


Capital Construction Financing



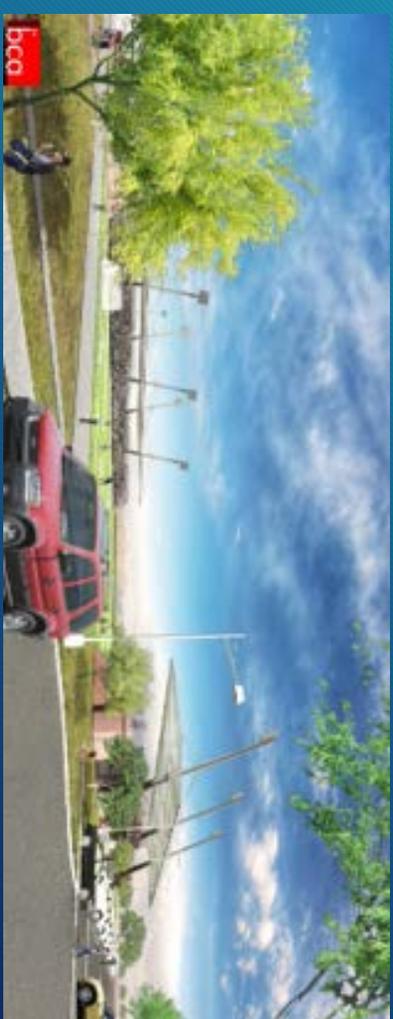
Capital construction costs would need to be financed through a secondary property tax.

- Estimated annual cost of \$18 per median household



Mesa Sports Complex Operating Budget

	Preliminary Budget
Personnel	\$650,000
Utilities	\$830,000
Contractual Services	\$300,000
Marketing/Promotions	\$225,000
Commodities	\$270,000
Capital Reserve Fund	\$350,000
TOTAL OPERATING BUDGET	\$2,625,000



Mesa Sports Complex Operations Revenue



- Operations will be funded by all revenues generated by the Mesa Sports Complex.
- Operating Budget Revenue Sources:
 - All revenues derived onsite
 - Induced Sales Tax
 - Additional bed tax revenue net of City obligations
 - Dedicated 1% bed tax
- Visit Mesa and Tourism Industry is recommending a 1% increase in bed tax to support the operations of the complex.

Next Steps

If City Council desires to move forward, then the following items would need to be considered:

- Schedule upcoming Study Sessions for further discussions; and
- Finalize MOU with Visit Mesa detailing operations contributions.
- Consider the following resolutions at the June 20th City Council meeting:
 - A resolution asking voters for 613 Charter approval to build a sports complex costing more than \$1.5 million; and
 - A resolution asking voters for authorization to increase the bed tax by 1%; and
 - A resolution asking voters for authorization to issue a secondary property tax for \$58 million of capital construction cost.



**MESA
SPORTS
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QUESTIONS?

