

COUNCIL MINUTES

January 23, 2003

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 January 23, 2003 at 7:30 a.m.

COUNCIL PRESENT

Mayor Keno Hawker
Dennis Kavanaugh
Rex Griswold
Kyle Jones
Janie Thom
Claudia Walters
Mike Whalen

COUNCIL ABSENT

None

STAFF PRESENT

Mike Hutchinson
Debbie Spinner
Barbara Jones

1. Review items on the agenda for the January 27, 2003 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff with no formal action taken. There was specific discussion relative to the following items:

The following conflicts of interest were declared: None

The following items were removed from the consent agenda: 4f, 7a, 7b, 7d, 8a, 8b, 9b, 10a

The following items were placed on the consent agenda: None

The following items were deleted from the consent agenda: 6e, 7c

2. Hear presentations, discuss and consider redevelopment proposals for property at 146 West Main Street.

Vice Mayor Kavanaugh reported that the property, located at 146 West Main Street, was acquired by the City of Mesa as part of an acquisition agreement necessitated by construction of the new Mesa Arts Center. He explained that an internal staff review team evaluated three proposals and commented that although the team was unable to make any recommendations on the three proposals, they did conclude that each of them was consistent with the Downtown Concept Plan. Vice Mayor Kavanaugh stated that the Downtown Development Committee (DDC) subsequently reviewed the proposals and made a recommendation for the Barnhart proposal. He added that the General Development Committee also reviewed the matter and that the members of the Committee concurred with the DDC's recommendation.

Vice Mayor Kavanaugh advised the Council that the applicants are prepared to make their presentations this morning and that the first presenter will be M & S Sporting Goods.

John Rosenkrans, accompanied by his sister Judy, representing M & S Sporting Goods, addressed the Council relative to their proposal. He reported that M & S Sporting Goods is an established small business that has been operating in downtown Mesa for the past 43 years. Mr. Rosenkrans discussed his intention to become an owner/occupier rather than a tenant and said that if M & S owns the building, they will have the opportunity to expand both services and merchandise, ensuring the long-term success of the business.

Mr. Rosenkrans commented that M & S is the only Girl Scout uniform store in the East Valley and also the only shuffleboard store west of Florida. He noted that he has a firm commitment from Wells Fargo Bank, and that if his proposal is selected, he will pay the City \$11,400 for the property, bring the building up to code, and remain at that location for a long time to come.

Discussion ensued relative to the fact that the proposed renovations would be completed within six months, and that Mr. Rosenkrans will have no difficulty finding a tenant to take over the lease on his current building.

Vice Mayor Kavanaugh thanked Mr. Rosenkrans for his presentation.

Lori Osiecki, Director of Beati Investments, addressed the Council and provided an historical overview of her experience in the arts field and as a freelance artist/illustrator for the past 23 years. She briefly outlined her proposal and commented that the concept calls for a 1,100 square feet of gallery/retail area and 500 square feet of studio space for one-of-a-kind shows, space for internationally selected artists and an atmosphere for interactive arts. She noted that the proposal offers a variety of professional artists the opportunity to come to Mesa to work for short durations of time and that an off-site cottage owned by Ms. Osiecki would be provided to the artists for their use. Ms. Osiecki also stated that the gallery concept includes an educational component which involves working with both local museums and artists to create an interactive experience by using digital storytelling projections and other interactive art forms. She added that the 1,200 square feet of professional office space will be leased for arts related uses.

Ms. Osiecki discussed the proposed design of the building and commented that it is her intention to create a courtyard atmosphere at the rear of the building. She noted that the local architectural team of BPLW will be a member of the project team and that an estimated \$195,000 in renovation costs will be spent in exchange for the building.

Vice Mayor Kavanaugh thanked Ms. Osiecki for her presentation.

William Barnhart, a local artist, addressed the Council and reported that his proposal involves renovating the building to incorporate a live/work space featuring art studios for professional artists, including himself. He discussed the proposed renovations including the removal of the existing roof and the addition of a second and possibly third floor to the building. Mr. Barnhart advised that a structural engineer will conduct an analysis to determine whether or not a second story can be added to the existing structure. He stated that approximately \$250,000 to \$300,000 would be spent in renovation costs. Mr. Barnhart further commented that he will draw other professional artists to locate studios and/or galleries in downtown Mesa and added that his proposal indicates his intention to purchase the building from the City for \$1.00 and to

donate one sculpture or a large format painting each year for up to five years (with an estimated overall market value of \$250,000 to the City) in exchange for the building.

Discussion ensued relative to the fact that if the building is not capable of supporting a second story, Mr. Barnhart would propose building onto the rear of the building, and that Mr. Barnhart intends to finance the project through a bank loan as well as personal investments.

Vice Mayor Kavanaugh thanked Mr. Barnhart for his presentation.

Vice Mayor Kavanaugh commented that all three proposals are creative and compelling and stated that the quality of the proposals reflects the changing nature of downtown Mesa and the increasing desirability of the spaces for business and residential uses.

Councilmember Jones said that when he and the other members of the General Development Committee reviewed the proposals, he had indicated that he would reserve the right to change his mind regarding the matter. He noted that upon further reflection, he now questions why the City issued an RFP for 146 West Main Street and suggested that it may be more economically beneficial for the City to sell the building.

In response to a series of questions from Councilmember Jones, Redevelopment Director Greg Marek clarified that the appraised value of the building is \$150,000, and that staff issued an RFP in an effort to ensure that the City received the best use for and the most improvements to the building.

Councilmember Jones further commented that although he voted in support of the Barnhart proposal at the GDC meeting, he is now considering M & S Sporting Goods as a more appropriate use for the space. He also expressed concerns relative to Mr. Barnhart's donation of various sculptures and the potential valuation of the artwork.

In response to a question from Councilmember Thom, Mr. Marek explained that in determining the value of the building, staff relied on an appraisal which was conducted three years ago and added that staff did not obtain an assessment from the Maricopa County Assessor's Office.

Mayor Hawker concurred with Councilmember Jones' comments and stated that he would prefer that the property be sold, thereby removing municipal government from the transaction altogether, and allowing the market to determine the best use of the building.

In response to a question from Mayor Hawker, City Attorney Debbie Spinner advised that the members of the Council may reject all proposals submitted under the RFP if they so choose.

Vice Mayor Kavanaugh stated the opinion that the RFP process has served the City well in terms of the level of commitment and creativity of the individuals who are willing to partner with the City in an effort to produce a strong and positive project. He added that although all three proposals are excellent and would benefit the community, he supports Mr. Barnhart's concept and stated the opinion that it offers the greatest financial opportunity to the City.

Councilmember Walters concurred with Vice Mayor Kavanaugh's comments relative to the fact that Mr. Barnhart's proposal offers the most beneficial financial package to the City. She stressed, however, that the valuation of artwork is somewhat subjective and she requested

additional assurances from staff that the City could potentially receive more than \$150,000 in "bottom line" financial value in the future. Councilmember Walters noted that she does not see the necessity of selling the property immediately and stated that the value of the property will only increase as time goes by. She added that the City would not be negatively impacted if it entered into the 120-day negotiation period with Mr. Barnhart to determine whether a mutually beneficial financial arrangement for both the applicant and the City could be achieved.

It was moved by Vice Mayor Kavanaugh, seconded by Councilmember Whalen, that Mr. Barnhart's proposal be selected and that staff be directed to enter into a 120-day negotiation period with Mr. Barnhart.

Councilmember Whalen commented on the high quality of all three proposals. He stated, however, that he would be concerned if Mr. Barnhart was unable to obtain letters of credit from his financial institution in a timely manner. Councilmember Whalen also requested that the members of the Council be given the opportunity to review Mr. Barnhart's architectural design for the project prior to Council approval. He added that although the City currently faces serious budget constraints, it is crucial that the City maintains its vision with regard to enhancing the Town Center area.

Mayor Hawker expressed opposition to all three proposals and also voiced concerns regarding the donation of artwork by Mr. Barnhart in exchange for the building. He stated that if the motion were defeated, he would suggest that the building be sold at auction or placed on the open market so that the City could recoup its original investment.

Councilmembers Thom and Griswold concurred with Mayor Hawker's comments.

Councilmember Walters commented that although she is supportive of the motion, at the conclusion of the negotiation period, she reserves the right to change her opinion regarding the artwork donation/valuation issue.

Upon tabulation of votes, it showed:

AYES - Kavanaugh-Walters-Whalen
NAYS - Hawker-Griswold-Jones-Thom

Mayor Hawker declared the motion failed.

It was moved by Councilmember Griswold, seconded by Councilmember Thom, that the property located at 146 West Main Street be placed on the open market for sale or auction.

Upon tabulation of votes, it showed:

AYES - Hawker-Griswold-Jones-Thom-Walters-Whalen
NAYS - Kavanaugh

Mayor Hawker declared the motion carried by majority vote.

3. Hear an update on the Land Development Work Plan.

Assistant Development Services Manager Kari Kent, Planning Director Frank Mizner, Interim Fire Chief Bob DeLeon and Management Assistant Mia Lozano-Helland addressed the Council relative to this agenda item.

Ms. Kent displayed graphics in the Council Chambers and reported that last summer, an Ad Hoc Land Development Subcommittee was appointed to review Mesa's land development processes and provide recommendations relative to process improvements. She explained that in October 2002, staff presented a Land Development Work Plan to the Council which set forth initiatives to make the land development processes more efficient, effective and customer focused. Ms. Kent advised that staff received Council direction to proceed with the implementation of the plan, and indicated staff's intent to highlight a brief progress report relative to the various accomplishments which have been achieved in the past three months.

Ms. Kent provided a brief overview of a series of Building Safety Division implemented improvements including, but not limited to, the modification of construction start times from 4:00 a.m. to 5:00 a.m. during the months of May through September; the utilization of a Screening Team, an interdisciplinary unit charged with improving the quality and completeness of document submittals, and the implementation of the Permitting Process Customer Satisfaction Survey, created to obtain feedback on customers' experiences in obtaining a building permit.

Ms. Kent commented that staff has also devoted a significant amount of time to the following three initiatives: the BSD Tidemark Automation System (scheduled to proceed in May 2003); Internet Access for Building Safety Plan Review Status (set to debut in July 2003), and Apply and Pay for Minor Building Permits via the Internet (scheduled to commence in September 2003). Ms. Kent also briefly discussed the creation of a City Building Rehabilitation Code, which will provide Mesa with a flexible and useful mechanism that will encourage the reuse of existing buildings throughout the City.

Mr. Mizner reported that the Mesa 2025 General Plan, which was approved by the voters in November 2002, would provide a prosperous and economically balanced community to address future housing and employment concerns.

Mr. Mizner advised that the public participation process was converted from a resolution to an ordinance in November 2002, and that it provides for citizen participation in all applications requiring a public hearing. He briefly reviewed a series of Customer Outreach Programs; the Preliminary Plan Review Team; Infill Development Policy, and the development of a draft Citrus Sub-area Plan.

Chief DeLeon addressed the Council and provided an overview of various Fire Department implemented improvements designed to bring consistency to various fire sprinkler related questions. He also discussed the implementation of an Action Plan and Team Profiles written for the Process Improvement/Management Teams and the three Sub-Teams of the Building Safety Department/Fire Task Force, and the creation of a Customer Survey to enable businesses to provide feedback relative to the services provided by the Department.

Discussion ensued regarding staff's efforts to solicit input from property owners, developers and zoning attorneys relative to Mesa's Land Development Work Plan.

Councilmembers Jones, Walters and Griswold expressed appreciation to staff for their efforts and hard work.

Mayor Hawker stated that he looks forward to the Land Development Work Plan Process Improvements addressing the creation of a “business friendly” environment in Mesa and the establishment of a City Infill Policy.

Further discussion ensued relative to potential updates to the Fire Code.

Mayor Hawker thanked staff for the presentation.

4. Hear, discuss and consider a Legislative update.

Assistant to the City Manager Jim Huling and Government Relations Assistant Kelly Orrick provided the Council with a summary of the 2003 State legislative session with an emphasis on the legislation impacting the City. (See Attachment)

Councilmember Thom commented that in reviewing the Council Report, staff has taken the position to oppose several bills which were proposed or co-sponsored by Mesa legislators. She stated the opinion that the Council should be supportive of those lawmakers due to the fact that they represent the interests of the Council.

Vice Mayor Kavanaugh commented that the members of the Council have the right and the ability to make independent judgments on legislation.

Discussion ensued among the Council relative to specific legislative items.

5. Acknowledge receipt of minutes of boards and committees.

- a. Design Review Board meeting held January 8, 2003.
- b. Human Relations Advisory Board meeting held November 19, 2002.
- c. Transportation Advisory Board meeting held November 19, 2002.

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

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

The following members of the Council provided brief updates on various meetings/conferences they attended as follows:

Mayor Hawker	East Valley Mayors' Luncheon with Governor Janet Napolitano
Vice Mayor Kavanaugh	MLK Celebration
Councilmember Walters	Historic Homes Tour
Councilmember Griswold	Neighborhood Homeowners' Association Meeting

7. Scheduling of meetings and general information.

City Manager Mike Hutchinson stated that the meeting schedule is as follows:

Saturday, January 25, 2003, 10:00 a.m. – Dedication of Fire Station No. 202

Monday, January 27, 2003, TBA – Study Session

Monday, January 27, 2003, 5:45 p.m. – Regular Council Meeting

Wednesday, January 29, 2003, 7:30 a.m. – Joint Meeting with Mesa Unified Schools

Thursday, January 30, 2003, 7:30 a.m. – Study Session

Monday, February 3, 2003, TBA – Study Session

Monday, February 3, 2003, 5:45 p.m. – Regular Council Meeting

8. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

9. Items from citizens present.

There were no items from citizens present.

10. Adjournment.

Without objection, the Study Session adjourned at 9:35 a.m.

KENO HAWKER, MAYOR

ATTEST:

BARBARA JONES, CITY CLERK

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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 23rd day of January 2003. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK

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Attachment

January 20, 2003

TO: Mayor and City Council

FROM: Jim Huling, Assistant to the City Manager
Kelly Orrick, Government Relations Assistant

SUBJ: Legislation of Significant Municipal Interest
Citywide

Purpose and Recommendation

The purpose of this report is to provide Council with information about legislation of significance to the City of Mesa that has been introduced in the initial days of the 2003 Legislative Session. This report includes recommendations on whether the City of Mesa should support or oppose each listed bill, based on staff opinion, prior Council discussions and the position of the League of Arizona Cities and Towns.

Background

The First Regular Session of the 46th Legislature convened on January 13, 2003. As of January 20, 2003 over 430 bills and resolutions have been introduced. Many of those bills introduced are listed as technical amendments at this time, which will most likely be used as vehicles for "strike everything" amendments.

There have been numerous pieces of legislation introduced which impact municipalities. Summarized here are the most significant issues for Mesa. Additional reports will be provided throughout the Session.

State Budget

At this point in the Session, the outcome of the State budget crisis for FY2003 and FY2004 is not yet known. The Governor has released her budget plan and state shared revenue is not impacted in that plan. This is obviously very good news for local government. There is one provision of the plan that may impact municipalities, however. The Judicial branch plans to implement an aggressive delinquent fine and fee collection program. The Governor's budget includes an increase of state general fund revenue for the first \$50 million in delinquent fines collected. Some portion of that money might have gone to cities, as some of what is proposed to be collected is delinquent traffic and misdemeanor fines. The details of the collection program have not been released.

The Legislature has not yet released a budget plan for FY2003 or FY2004. Staff has been told that all revenue sources and expenditures are up for discussion and review. However, there are no rumors at the Capitol that state shared revenue is being particularly targeted. We will continue to monitor extremely closely and share additional information as it becomes available.

Transportation

HB 2288: TRANSPORTATION DISTRICTS

Establishes the framework for a Regional Transportation District and Board in Maricopa County, with jurisdiction in the incorporated and unincorporated areas of the county. The Board of Directors of the District consists of the County Board of Supervisors, five mayors selected by the Maricopa Association of Governments and the Governor or her designee. The purpose of the District is to develop and approve a 20-year regional transportation system plan. This bill is supported by the Board of Supervisors to grant them additional authority over the planning and implementation of the proposed 1/2 cent transportation sales tax extension funds. This District would be in addition to MAG, which has Federally mandated jurisdiction over regional transportation planning.

Sponsors: Rep. Pierce, Rep. Thompson.

Position: Staff recommendation is to oppose.

HB 2292: TRANSPORTATION; EXCISE TAX; COUNTY

Provides that the Maricopa Association of Governments (MAG) shall establish a transportation policy committee, which with the state transportation board, and county board of supervisors, is to jointly adopt a comprehensive, multi-modal and coordinated regional transportation plan for the county. Any changes to the regional plan must be approved by a majority of the members of the state transportation board, county supervisors, and the policy committee. Maricopa county is to have its comprehensive plan approved by Nov 30, 2003. If a plan is developed and approved by all three entities, the bill provides authorization for an election to determine whether to extend the 1/2 cent transportation sales tax on or before November 2004, if approved by the Legislature after certification of the plan. Allows for a transportation sales tax election in contiguous counties affected by the plan.

Sponsors: Rep. Pierce, Biggs, Burns, Cannell, Chase, Downing, Farnsworth, Flake, Graf, L. Gray, Jayne, Johnson, Mason, McClure, Nichols, O'Halleran, Pearce, Reagan, Soltero, Stump, Thompson, Tully, Yarbrough, Sen. Anderson, Binder, Jarrett.

Position: Staff recommendation is to support with amendments to provide conformity with federal law regarding regional transportation planning and the removal of the over-representation of the County Board of Supervisors, as the County is already a voting member of MAG and the Transportation Policy Committee.

GAS TAX INDEX

At the request of the City Council, staff is pursuing legislation to index the gas tax to inflation. A bill file has been authorized and opened and Senate Transportation staff analysts are drafting the bill language. A sponsor for this proposal is still being sought. As of this date, no member of Mesa's Legislative Delegation has indicated a willingness to sponsor this bill. Staff is also pursuing having this issue considered by the Governor's Blue Ribbon Task Force on the State Budget.

Eminent Domain

At a prior meeting, the issue of eminent domain legislation was discussed. The Council requested to review each bill and make a determination on the City's position. Additional eminent domain and private property rights legislation is anticipated.

HB 2308: EMINENT DOMAIN

This bill is virtually identical to the eminent domain proposal from last session, HB 2487. Replaces the statutory references to "Redevelopment 'Area" with "Slum or Blighted Area". Requires that for a slum or blighted area to be declared, at least 85% of the properties in the area must meet the definition of slum or blighted. Removes crime as a consideration in determining whether a problem area exists. To use eminent domain, the municipality must make a determination that the slum or blight conditions cannot be removed without a transfer of ownership. Also prohibits property acquired through eminent domain from being sold, leased or transferred by the municipality for at least 10 years. The designation of a slum or blighted area terminates after five years. Establishes that the designation of a slum or blighted area is subject to judicial review. A copy of the bill is attached.

Sponsors: Rep. Farnsworth, Biggs, Graf, Johnson, Konopnicki, Pearce.

Position: Staff recommendation is to oppose.

HB 2311: REDEVELOPMENT AREAS; REPEAL

Repeals Title 36, Chapter 12; Article 3, Redevelopment Areas, thereby removing all statutory authority for municipalities to establish redevelopment areas and projects. Redevelopment areas are one of the only tools available to local government for economic development in depressed and crime-ridden areas and to stimulate business investment in neglected neighborhoods. A copy of the bill is attached.

Sponsors: Rep. Farnsworth, Biggs, Graf, Johnson, Konopnicki, Pearce.

Position: Staff recommendation is to oppose.

Firearms

HB 2320: GUN-FREE ZONES

This state, or any agency or political subdivision of this state or any person, organization or entity that establishes a gun-free zone is liable for damages that result from criminal conduct that occurs against an individual in the gun-free zone if a reasonable person would believe that possession of a firearm could have helped the individual defend against the criminal conduct. If the criminal conduct was the result of terrorism or adversely affected a child under 16 years of age or over age 70, the agency or entity that establishes a gun-free zone is liable for treble damages.

Sponsors: Rep. Graf, Barnes, Farnsworth, C. Gray, Hanson, Hart, Johnson, Konopnicki, Nichols, Pearce.

Position: Staff recommendation is to oppose.

Business Issues

SB 1012: OUTDOOR ADVERTISING; BILLBOARDS & SIGNS

Pre-empts local governments from regulating signage and exterior roof design for any business that has more than one location. Vague language in the bill states that local governments are not to restrict a business that has two or more locations from displaying its usual signs that are recognizable by customers at each location.

Sponsors: Sen. Harper, Rep. Allen, Johnson, Pearce, Pierce, Quelland, Sen. Bee, Verschoor.

Position: Staff recommendation is to oppose.

SB 1013: BUSINESS LOCATION TAX INCENTIVES

If a city provides tax incentives to any business entity that locates a business facility in the city, the city must pay an amount equal to the incentive to the department of commerce. The amounts paid to the commerce dept. are to supplement other monies available for authorized economic development programs. "Tax incentive" is defined as any waiver, exemption, deduction, credit, rebate, discount, deferral or other abatement or reduction of the normal municipal tax liability that otherwise applies to existing business entities and properties in the city or town, generally understood to be an inducement to locate the business facility in the city or town. In lieu of payment directly from the city to the commerce dept., the state treasurer is authorized to deduct the amount from state shared revenues, minus any amounts needed to pay debt service on bonds issued before the incentives were provided by the city.

Sponsors: Sen. Harper, Rep. Pearce, Quelland, Sen. Binder.

Position: Staff recommendation is to oppose.

As the Session progresses, we will be providing Council with progress reports on these and other issues of significance to the City of Mesa.

Kelly Orrick
Government Relations Assistant

Jim Huling
Assistant to the City Manager for
Intergovernmental Relations

Mike Hutchinson
City Manager