



OFFICE OF CITY CLERK

## COUNCIL MINUTES

September 20, 2007

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 September 20, 2007 at 7:30 a.m.

### COUNCIL PRESENT

Vice Mayor Claudia Walters  
Rex Griswold  
Tom Rawles  
Scott Somers  
Mike Whalen

### COUNCIL ABSENT

Mayor Keno Hawker  
Kyle Jones

### OFFICERS PRESENT

Christopher Brady  
Debbie Spinner  
Linda Crocker

Vice Mayor Walters excused Mayor Hawker and Councilmember Jones from the entire meeting.

1. Hear a presentation, discuss and provide direction on the process for disposition of the southwest corner of University and Mesa Drive.

Town Center Development Director Shelly Allen introduced representatives of Phoenix Commercial Advisors, Charlotte Christian and Shannon Selby. Ms. Allen displayed a PowerPoint presentation (a copy is available for review in the City Clerk's Office) to provide an overview of the developer selection process for the property located at the southwest corner of University and Mesa Drive. She noted that the site serves as a gateway into downtown Mesa where key facilities and businesses are located.

Ms. Allen noted that in March the Council directed staff to retain a broker to market the property to a Master Developer utilizing the following considerations:

- Acquisition price.
- Mixed-use development (residential, retail and office).
- Compatibility with the downtown Mesa Community College (MCC) campus.
- Parking needs.

Ms. Allen reported that an interview process resulted in the selection of Phoenix Commercial Advisors as the broker for the property.

Ms. Christian outlined the marketing strategy employed by their firm, which includes direct emails, an internet listing, a marketing brochure, etc. She stated that their efforts resulted in letters of interest from the following developers:

- CDK Partners (Arizona)
- Crosswinds National (Michigan)
- Concord – Eastridge – Durrant (Arizona)
- The Athena Group (New York & California)

Ms. Christian reported that each developer has expressed an interest in cooperating with MCC .

Ms. Allen noted that the advantages of incorporating the MCC campus in the overall development plan include shared parking and other amenities, traffic and pedestrian flow and aesthetic coordination. She advised that staff proposes to move forward with a request to the developers to submit proposals based on the following criteria:

- Experience with quality mixed-use infill development projects.
- Conditions of sale (restricted uses, such as pawn shops, tattoo parlors, etc.).
- Financial terms and project schedule.
- A conceptual design that includes a commitment to quality mixed-use development, maximum density, coordination with MCC and parking.

Ms. Allen said that staff was seeking direction relative to entering into negotiations with the four interested developers to obtain the best and final proposal. She stated that the goal is to be able to present a recommended developer to the City Council in 45 days.

Dr. Bernie Ronan, Acting President of Mesa Community College, came forward to address the Council. He stated that this proposal furthers the vision of the partnership between MCC and the City of Mesa to develop a downtown campus. He advised that in January of 2008 approximately 900 students would be enrolled in the Fire Science and Health Care Programs at the downtown location. Dr. Ronan added that approximately 600 Northern Arizona University (NAU) students would be utilizing the Centennial site. He expressed support for the aggressive schedule outlined by Ms. Allen, and he urged the Council to approve the next step in this process.

Discussion ensued relative to the fact that MCC is utilizing additional rental space on the second floor at 165 North Centennial Street and the building at 145 North Centennial Street; that MCC could accomplish their development in 18 to 24 months by linking their effort to the City's development process; that MCC has \$10 million in voter-approved bond capacity for the downtown campus; and that MCC is discussing financing and operating options with NAU and Mesa Public Schools (MPS).

In response to a question from Councilmember Somers, Dr. Ronan said that the students at the downtown campus represent a different demographic than the other two locations. He noted that the downtown campus focuses on areas of study that have admission waiting lists and that the students enrolled in these programs have serious career objectives. He reported that MCC has commissioned an economic impact analysis of the downtown campus, the results of which will be shared with the Council.

Councilmember Rawles suggested that the requirement for the developer to have "infill" experience should be minimized. He stated the opinion that a quality mixed-use developer would be capable of handling the infill aspect of the project.

Further discussion ensued relative to the fact that developers would be required to purchase the City property; that the City property was recently appraised; and that classroom space is presently available at the Mesa Arts Center.

Vice Mayor Walters stated that the consensus of the Council is that staff should continue to move forward with the process. She thanked everyone for the presentation.

2. Hear a presentation and discuss and provide direction on expenditure limitation alternatives.

Budget Director Chuck Odom displayed a PowerPoint presentation (a copy is available for review in the City Clerk's Office) to provide information on expenditure limitation alternatives. He referred to a chart titled, "Reconciliation of 2008/09 Expenditure Limitation Estimation" (see Attachment 1) that lists the dollar amounts in the voter approved programs and the estimated \$100 million 2008/09 budget reduction requirement, which indicates a difference of \$4 million.

In response to a question from Vice Mayor Walters, Mr. Odom advised that cash payments count against the expenditure limitation.

Mr. Odom explained that although the expenditure of bond proceeds do not count against the expenditure limitation, cash payments by the City for local matching funds do count against the limitation.

In response to a question from Councilmember Somers, Mr. Odom advised that grants are excluded.

Mr. Odom displayed a chart titled, "Forecasted Change in State Expenditure Limitation" (see Attachment 2). He explained that the adopted budget has many exclusions, some of which are:

- Revenues for debt issuance and expenditures for debt service.
- Dividend and interest revenue.
- Trust and agency accounts.
- Grants, aid, contributions or gifts.
- Local Transportation Assistance revenues.
- HURF (Highway User Revenue Fund) revenues over 1979/80 base revenues.

Responding to a question from Councilmember Griswold, Mr. Odom noted that although grant funding has been decreasing, the City receives an average of \$3 million or \$4 million per year, which does not include Community Development Block Grant (CDBG) funds.

Mr. Brady noted that the figures utilized to establish the Permanent Base Adjustment exclude any future capital dollars, and he noted that the adopted budget would be significantly higher.

Mr. Odom advised that at Council direction, staff conducted research with other cities. He reported that most cities consider the adjustment to be a ten to twenty-year window rather than being permanent. Mr. Odom added that the City of Tucson could not keep pace with growth under the State formula and adopted Home Rule in 2006/07.

Vice Mayor Walters noted that the City of Scottsdale, which has a population of approximately half that of the City of Mesa, adopted a Permanent Base Adjustment in 2006 and has a budget equal in size to that of the City Mesa.

Mr. Odom stated that other factors in the State formula limit the ability of a city to keep pace with actual cost increases, such as the areas of health care, fuel and construction costs, voter-approved issues, etc.

Vice Mayor Walters explained that the possibility of a Statewide, voter-approved transportation issue could affect the City if a local match was required to move the project forward.

Mr. Odom said that the Home Rule option would require a voter-approved renewal every four years, and he reviewed the timeline for submitting the option to the voters on a March 2008 ballot.

In response to a question from Councilmember Griswold, Mr. Odom said that the State expenditure limitation formula is based on Department of Economic Security (DES) population forecasts, which are lower than census numbers.

Councilmember Rawles referred to the "Reconciliation of 2008/09 Expenditure Limitation Estimation" (see Attachment 1) that indicates that the City would be within four percent of the State expenditure limit when voter-approved programs are excluded.

Mr. Odom clarified that the figures reflect current levels of services and staffing, which have remained unchanged since 2001 and fail to account for growth.

Discussion ensued relative to the fact that voter approval of the Home Rule option in March of 2008 would expire in June of 2012 before the fall Citywide election; that the Home Rule Option would require voter approval in 2010 and 2012 in order to align consideration of the four-year Home Rule option with the revised election cycle; and that the goal is to have future consideration of the Home Rule Option coincide with the Mayoral election.

Councilmember Rawles recommended that staff continue to study both the Home Rule Option and the Permanent Base Adjustment alternatives, and that staff proceed with the public notice process to ensure that Home Rule remains a viable option.

Responding to a question from Councilmember Whalen, City Attorney Debbie Spinner stated that she would research and provide information to the Council regarding the possibility of changing from the Home Rule Option to a Permanent Base Adjustment before the four-year Home Rule Option has expired.

Mr. Odom responded to a question from Councilmember Griswold by advising that the budget forecast continues to maintain current staffing levels for all areas, including Fire and Police but excluding Solid Waste. He noted that because the State Statutes require the City to collect trash, additional staff and trucks are included in the budget forecast to address the demand created by population growth.

Vice Mayor Walters noted that many capital projects have been deferred and that current staffing levels are the same as in 2001 when the population of Mesa was approximately 389,000. She suggested that staff include the possibility of adding Public Safety personnel in the future when developing the proposal for a Permanent Base Adjustment model. Vice Mayor Walters expressed concurrence with the suggestion of Councilmember Rawles that staff continue to move forward with both the Home Rule and Permanent Base Adjustment options.

In response to a question from Vice Mayor Walters, Mr. Odom reported that a ten or twenty-year horizon is typical for the Permanent Base Adjustment and that no City has adopted a four-year window. He said that voters in other communities were not informed of a specific horizon when the Permanent Base Adjustment was considered.

Vice Mayor Walters noted that there was Council concurrence for staff to move forward with both the Home Rule and the Permanent Base Adjustment options.

Councilmember Whalen stated the opinion that in addition to planning for increased staffing for Public Safety, staffing needs and other costs related to Capital Improvement Program (CIP) projects should also be included.

Further discussion ensued relative to the fact that by proposing a Permanent Base Adjustment with five and ten-year horizons, the City would have an alternative in place in the event a proposal for Home Rule failed; that the proposal should include projected capital needs; and that staff would identify the assumptions in the proposal.

Vice Mayor Walters thanked Mr. Odom for the presentation.

3. Hear a presentation and discuss potential capital projects for Transportation.

Transportation Department Director Jeff Martin introduced Deputy Transportation Director Dan Cleavenger and Traffic Engineer Alan Sanderson. He displayed a PowerPoint presentation (a copy is available for review in the City Clerk's Office) to provide an overview of Transportation's capital improvement project priorities. Mr. Martin advised that there are two components to the program: 29 Regional Transportation Plan (RTP) arterial street projects and 17 non-RTP projects. He reported that the Mesa Transportation Plan (MTP), which projected needs through build-out in 2025, was adopted in 2002. Mr. Martin said that not all projects in the MTP were included for funding by the Region. He added that the Region scheduled many of Mesa's projects in the last five years of the program in order to coincide with their cash flow plan.

In response to a request from Vice Mayor Walters, Mr. Martin explained that although the City is required to provide a thirty percent local match for regional projects, the Region's contribution is a fixed amount. He explained that the Region's initial project cost estimates were too low, which combined with rising construction and fuel costs, would result in the City being responsible for the majority of the project costs.

Discussion ensued relative to the fact that accelerating the projects maximizes the City's local match and saves money; that the 0.3% sales tax is dedicated to streets for operations and maintenance; and that material costs are expected to continue to escalate.

Mr. Martin advised that a staff analysis determined that widening only the intersections provided 80 percent of the benefit of a full street widening for 50 percent of the cost. He added that this process would also minimize the inconvenience to the community related to construction in residential areas.

Vice Mayor Walters cautioned that widening all City intersections could cause problems for pedestrians and tend to isolate residents in their neighborhoods. She suggested that consideration be given to implementing mid-block crosswalks in certain areas in order to improve pedestrian access.

Councilmember Griswold commended staff for proposing the cost-saving option.

Mr. Martin advised that numerous public meetings are planned to discuss these projects. He noted that short corridors near freeways would be widened, such as the half mile of Mesa Drive between Southern and the U.S. 60. He displayed a map (a copy is available for review in the City Clerk's Office) that indicated the locations of the RTP projects and two capital bond projects.

Mr. Cleavenger continued the presentation by outlining the typical elements in RTP projects:

- Additional through lanes.
- Dual left turn lanes.
- Right turn lanes.
- Bus bays.
- Information technology fiber and devices.
- Utility improvements.

Mr. Cleavenger provided information on the accelerated RTP projects and he noted that the following items are considered when establishing project priorities:

- High growth areas and economic development.
- IGAs or partnerships.
- Current level of congestion.
- Accident history.
- Reimbursement within five years.
- Design processes that are underway.

Mr. Odom came forward and displayed a chart titled, "Accelerated Project Analysis" (see Attachment 3) that illustrates the methodology utilized to forecast \$1.1 million in savings that the City could realize by accelerating the Hawes Road project (Santan Freeway to Ray Road).

Councilmember Griswold noted that another advantage to accelerating these projects is reduced traffic congestion.

City Manager Christopher Brady added that accelerating this project could create additional economic development opportunities by improving access to the airport area.

Mr. Martin advised that another project being considered for advancement by four or five years is the Williams Gateway Freeway. He reported that land prices are rapidly escalating, and he said that the early acquisition of land for the freeway would save the State a considerable amount of money.

Vice Mayor Walters noted that Mr. Martin was responsible for creating the Grant Anticipation Notes process for accelerating these projects, and she thanked him for his efforts.

Mr. Martin stated that many other people, including Larry Woolf, were also involved in developing the process.

Mr. Cleavenger continued the PowerPoint presentation by noting that staff was directed to group the RTP projects by priority. He stated that "high growth/economic development" projects

and those that involved IGAs (Intergovernmental Agreements) and partnerships were at the top of the list. He said that the next group of projects, which address “congestion and safety,” is currently in the design process and scheduled for reimbursement within the first five years, followed by projects in the design process or scheduled for reimbursement within five years. Mr. Cleavenger added that the other groups are those that address “congestion and/or safety issues,” those that are “reimbursed within five years” and “other.”

Mr. Sanderson addressed the “non-RTP” projects, some of which include the following: “City Share” projects associated with development, information technology projects, the Arizona State University (ASU) Polytechnic Ring Road, Broadway Road from Sossaman to Hawes, and the Thomas Road median project from Recker Road to Power Road. He also noted that some streets scheduled for intersection only widening might require reconstruction between the intersections.

Mr. Sanderson advised that a non-bondable joint project with the Town of Gilbert is a one-mile segment of Baseline Road from Sunnyvale to the Roosevelt Water Conservation District (RWCD) canal. He explained that Gilbert participated in the improvements for a section of Baseline Road that is in Mesa, and that Mesa is cooperating to address the improvements for a section of Baseline Road located in the Town of Gilbert. He explained that the project is not eligible for bonding because the City of Mesa does not own the project.

In response to a question from Vice Mayor Walters, Mr. Brady advised that staff would investigate the possibility of an equivalent exchange of projects between Mesa and the Town of Gilbert in order to be able to utilize bonds.

Vice Mayor Walters referred to the project that proposes to widen the intersection of Country Club Drive and University Avenue, and she requested that the project be assigned a lower priority in order to address the concerns of residents in the northeast area adjacent to that intersection.

Mr. Brady stated that the Council would have an opportunity to discuss and reprioritize the projects.

Further discussion ensued relative to the fact that advancing the Williams Gateway Freeway should be considered in the plan; that project information would be provided to the public at community meetings; that discussions are ongoing with MAG (Maricopa Association of Governments) relative to allowing the City to redistribute reimbursements among projects; and that the Council would like staff to schedule a tour of all the proposed projects for the Councilmembers.

Vice Mayor Walters thanked staff for the presentation.

4. Discuss and provide direction on citizen involvement and education relating to Police, Fire and Transportation capital project plans.

Mr. Brady noted that Mayor Hawker requested that this item be placed on the agenda, and he said that staff was seeking direction regarding the timing and content of public outreach to the community. He said that in addition to a limited number of Town Hall meetings, staff was considering presentations to service clubs and other community gatherings that focus on the projects to be proposed for the bond package in order to provide the Council with citizen input. He noted that information regarding the cost and impact on the citizens could vary depending on

the projects included, and he expressed concern that too many scenarios could be confusing to the public. Mr. Brady added that another area to be addressed regarding the Public Safety projects would be the recurring \$8 million in annual operating costs.

Vice Mayor Walters said that the typical public education process would include the formation of a Bond Committee to make recommendations to the Council. She noted that a Bond Committee was convened approximately two and a half years ago, and that the Council moved forward with a limited number of the Committee's recommendations.

Councilmember Griswold expressed support for providing informative presentations to service clubs and community organizations.

Councilmember Whalen suggested that the City consider an additional sales tax to fund Public Safety operating costs. He noted that the City of Phoenix and the City of Glendale recently initiated sales taxes for public safety issues and that their rates are at 2.2 percent compared to the City of Mesa at 1.75 percent.

Vice Mayor Walters noted that staff has direction and that the Councilmembers could advise Mr. Brady of additional suggestions or recommendations they may have regarding the public education process.

5. Hear a presentation, discuss and provide direction on the proposed co-promotion special events process.

Parks, Recreation and Commercial Facilities Director Rhett Evans said that staff was seeking Council support to secure a qualified private partner to co-promote the Cinco de Mayo event through a competitive bid process and to continue the established process for all other events previously produced by the City. He noted that only three events take place in City parks: Cinco de Mayo, the Turkey Trot and the Native American Pow Wow.

Councilmember Rawles stated that a year and a half ago the Council decided that the City had insufficient City funds available to co-sponsor or sponsor nine community events. He expressed opposition to the proposal.

Vice Mayor Walters noted that 20,000 people attended the last Cinco de Mayo event, and that fees charged by the City for use of the park did not address cost recovery for maintenance of that facility. She said that a private entity received the admission revenues rather than the City. Vice Mayor Walters added that another approach would be to increase the park rental fees to an amount that would fully recover the maintenance and costs to repair damages.

Councilmember Rawles commented that he did not support the different rate structures for new events and those events that have historically been held in the City.

Discussion ensued relative to the fact that the events that were historically held in Mesa were initiated by the City; that the fees charged should be sufficient to return a park to its pre-event condition; and that the competitive bid process was designed to address the situation when two entities come forward to sponsor an event.

Vice Mayor Walters noted that two Councilmembers were absent, and she suggested that this item return to the Council for consideration in approximately two weeks when all members are expected to be present.

Mr. Evans advised that delaying Council consideration did not pose a problem for staff. He added that although Cinco de Mayo was initially created by the City to be an educational event for the community, it has become a commercial event that is significantly different from other events such as the Veterans' Day Parade. Mr. Evans noted that Cinco de Mayo involves fencing, the presence of more than 20,000 people, the consumption of food and alcohol, and the impact of additional traffic, and vehicle parking. He stated the opinion that the City should be involved in all aspects of an event of this size that is held in a City park.

Vice Mayor Walters said that the City receives a percentage of ticket sales from the Mesa Amphitheater, and she suggested that the City could establish a similar arrangement with event promoters.

Mr. Evans noted that a Request for Proposals (RFP) would be required in order to select an event promoter.

Further discussion ensued relative to the fact that bookings at the Amphitheater are based on a first come, first serve basis; that the Amphitheater provides revenues to the City from ticket sales; that the Cinco de Mayo event has been the primary fundraiser for the Sister Cities organization for fifteen years; and that an RFP process could award a contract for multiple years.

Vice Mayor Walters said that the Council would reconsider this issue at a Study Session in approximately two weeks. She thanked staff for the presentation.

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 stated that the meeting schedule is as follows:

Thursday, September 27, 2007, 7:30 a.m. – Study Session

Monday, October 1, 2007, TBA – Study Session

Monday, October 1, 2007, 5:45 p.m. – Regular Council meeting

8. Items from citizens present.

There were no items from citizens present.

8. Adjournment.

Without objection, the Study Session adjourned at 9:48 a.m.

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KENO HAWKER, MAYOR

ATTEST:

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LINDA CROCKER, 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 20<sup>th</sup> day of September 2007. I further certify that the meeting was duly called and held and that a quorum was present.

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LINDA CROCKER, CITY CLERK

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Attachments (3)