

GENERAL & ECONOMIC DEVELOPMENT COMMITTEE MINUTES

November 5, 2007

The General and Economic Development Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on November 5, 2007 at 3:48 p.m.

COMMITTEE PRESENT

Tom Rawles, Chairman
Claudia Walters
Kyle Jones

COUNCIL PRESENT

Mayor Hawker

STAFF PRESENT

Debra Dollar
Donna Bronski

(Mayor Hawker arrived at the meeting at 4:58 p.m.)

1. Items from citizens present.

There were no items from citizens present.

2. Hear a presentation, discuss and make a recommendation on Foreign Trade Zone fees and Tariff Schedule.

Economic Development Department Manager Bill Jabjiniak introduced Senior Town Center Development Specialist Patrick Murphy, who was prepared to address the Committee relative to this item.

Mr. Murphy displayed a PowerPoint presentation (A copy is available for review in the City Clerk's Office) and offered a brief overview of the General-Purpose Foreign Trade Zone No. 221 Fees and Tariff Schedule. He explained that Foreign Trade Zones (FTZs) are physically located within a country, but legally considered foreign soil for customs purposes. Mr. Murphy stated, therefore, that FTZs are part of international, as opposed to domestic, commerce. He also noted that the purpose of the zones is to attract and promote international trade and commerce by providing a means for importers to reduce or eliminate the payment of import duties. Mr. Murphy added that in 1997, the City established the 3,020-acre FTZ No. 221 at Williams Gateway Airport (WGA).

Mr. Murphy further commented that on June 5, 2007, the General & Economic Development Committee heard a presentation and made a recommendation to the Council regarding a proposed application to modify the boundaries of FTZ No. 221. (Note: The Council subsequently approved the submittal of the application). He stated that at that time, the Committee also recommended that the FTZ fee schedule be reviewed at a future meeting. Mr. Murphy also highlighted various FTZ administration costs incurred by the City and advised that Mesa is permitted to collect fees in order to cover such costs.

Mr. Murphy outlined the City of Mesa's "Current FTZ Fee Schedule." (See Attachment 1.) He advised that the Application Fees cover the City's expenses associated with obtaining approval of a sub-zone or boundary modification as reviewed by the Foreign Trade Zone Board; that the Activation Fees cover the City's expenses for preparing and processing the Operations Agreement, providing a concurrence letter to the U.S. Customs Service, assisting with the preparation of the Procedures Manual and any other necessary support with regard to the Customs activation process; and that the Annual Fees cover the City's expenses for administration of the FTZ.

Discussion ensued relative to the Operator Agreement, which is entered into between the City (the operator) and the importers/companies that wish to utilize FTZ Site No. 21; that the document could include a section that addresses criteria related to the specific entity; that the City Attorney's Office would draft the agreement and seek assistance from outside counsel, if necessary; that because Mesa has not experienced any companies/importers utilizing the FTZ, it is difficult to predict the actual administration costs; and that once the City obtains experience negotiating fees with potential users, staff would review the fee schedule to assess whether changes to the document are appropriate.

Chairman Rawles inquired why the Committee is being asked to approve an FTZ fee schedule that would be subject to staff negotiations during the drafting of the individual Operator Agreements.

Mr. Murphy responded that the fees identified on Attachment 1 were set in 1997. He explained that the ordinance that established the fees indicated that an Operator Agreement could be developed and take the place of the existing fee schedule.

Mr. Murphy further commented that subsequent to the June 5th Committee meeting, staff conducted a comparative analysis of Mesa's fees relative to other communities with FTZs. He explained that the research indicated that not only are Mesa's fees lower than other Foreign Trade Zones in Arizona, but also lower on a national level. (See Attachment 2.)

Further discussion ensued relative to the process utilized by the City of Phoenix to structure its Operator Agreements utilizing its FTZ, including the estimation of staff time and legal costs.

Committeemember Walters stated that it appeared to her that staff was merely providing an update of this item and not requesting direction from the Committee relative to modifying the FTZ fees.

Assistant City Manager Debbi Dollar clarified that the above-listed FTZ fees are in place today. She explained that at the June 5th Committee meeting, staff was directed to review such fees because there was a general sense among the Committeemembers that they were too high. Ms. Dollar noted that the difficulty in this process is that the City has no history or experience in working with companies or importers utilizing Mesa's FTZ and that staff's "best guess" was to benchmark the City's fees against the other cities reflected on Attachment 2.

Additional discussion ensued relative to the fact that sub-zones are areas outside of a FTZ; that Intel, which is situated in Chandler, is located in a FTZ sub-zone administered by Phoenix; that the City of Mesa's Economic Development Office is the administrator for FTZ No. 21; and that approximately 2% of staff time has been utilized to administer/monitor the FTZ since 1997.

Chairman Rawles thanked staff for the update.

3. Hear a presentation, discuss and make a recommendation on the Falcon Field Design Review Process.

Planning Director John Wesley stated that the purpose of today's presentation is to provide the Committee with alternative methods for conducting design review for development projects at Falcon Field Airport.

Mr. Wesley reported that at the present time, Falcon Field conforms to the same design standards as elsewhere in the City. He explained that development on parcels along arterial streets and non-arterial projects greater than 20,000 square feet require Design Review Board (DRB) approval and that staff reviews all other projects. Mr. Wesley stated that several years ago when staff developed the Falcon Field Sub-Area Plan, they created a document entitled "Design Directions," which displayed high quality architectural elements that might be used generally in the area, but did not provide specific themes and standards for the airport. He commented that as a part of this process, staff also reviewed the zoning ordinance design standards and implemented various modifications as they might apply to the airport (i.e., Falcon Field Airport 2006 Design Guidelines).

Mr. Wesley further commented that in the mid-1990's, a consultant was hired to develop specific design guidelines/standards for development at Phoenix-Mesa Gateway Airport (formerly Williams Gateway). He noted that the guidelines included a design theme for the facility as well as signage and landscaping standards.

Mr. Wesley highlighted the following options for the Committee's consideration with regard to the Falcon Field design review process:

- Hire a consultant to develop specific design guidelines for Falcon Field and change the zoning ordinance requirements to allow for a staff design review process.
- Implement the following modifications to the current process: **(Staff's recommendation)**
 1. Present the Falcon Field Airport 2006 Design Guidelines for Council adoption.
 2. Designate responsibility for review and approval of Falcon development projects that do not have frontage on major arterials to the Planning Division staff in collaboration with the Falcon Field Airport Director.
 3. Appeals of staff decisions for projects with no arterial frontage would be made to the Design Review Board.
 4. Projects with frontage on major arterials would be reviewed by Planning Division staff based on the Design Guidelines and existing Zoning Code requirements, with final approval by the Design Review Board.
- Expand the staff review process to all development projects at Falcon Field.

Airport Director Corinne Nystrom informed the Committee that if the City hired a consultant to develop specific design guidelines for Falcon Field, it would cost approximately \$30,000. She explained that currently, funds are not budgeted for such an expenditure. Ms. Nystrom added that no matter what direction the Council proceeds regarding this matter, Falcon Field is developing very quickly and time is of the essence.

Responding to a question from Committeemember Walters, Ms. Nystrom clarified that with regard to the proposed modification "Appeals of staff decisions for projects with no arterial frontage would be made to the DRB," such appeals could also be brought to the Council for consideration.

It was moved by Committeemember Walters, seconded by Committeemember Jones, to recommend to the Council that staff's recommendation to implement changes to the design review and approval process for Falcon Field projects (Modifications 1-4 as previously listed), be approved.

Chairman Rawles expressed opposition to the motion and stated that it places him in the position of "voting for something he does not like at all." He thanked staff, however, for their efforts to expedite the design review process.

Chairman Rawles called for the vote.

Upon tabulation of votes, it showed:

AYES - Jones-Walters
NAYS - Rawles

Chairman Rawles declared the motion carried by majority vote.

Mr. Wesley stated that the implementation of staff's recommendation would include the processing of a zoning case for Falcon Field to establish the modifications to the standard requirements for the area. He added that the action would proceed to the Planning & Zoning (P&Z) Board for recommendation and forwarded on to the Council for adoption.

Chairman Rawles thanked staff for the presentation.

4. Hear a presentation, discuss and make recommendations on proposed revisions to the Mesa Fire and Building Codes.

Fire Chief Harry Beck reported that Fire and Building Safety staff have been working for two years on the proposed revisions to the Mesa Fire Code and Building Code. He acknowledged Building Safety Director Terry Williams, Assistant Fire Chief Brady Leffler and Fire Protection Engineer Hal Key for their efforts and hard work in this regard.

Chief Leffler displayed a PowerPoint presentation (A copy is available for review in the City Clerk's Office) and offered an overview of this item. He explained that the purpose of the revisions is to repeal the current Mesa Fire Code, based upon the 2003 International Fire Code (IFC), and adopt a new Mesa Fire Code based upon the 2006 IFC. Chief Leffler advised that adoption of the 2006 IFC would align the document with the 2006 Building Code and ensure Mesa's consistency with other Valley cities.

Chief Leffler provided a brief chronology of the process undertaken by staff that has culminated in their recommendation for adoption of a new code. His comments included, but were not limited to, the following: that in December 2006, the Council adopted the 2006 family of International Codes (except for the Fire Code); that January through March of this year, Fire and Building Safety staff reviewed the various revisions; that in April, the changes were presented to the Development Advisory Forum; that on October 29th, the proposed changes were issued to

the building industry (Developers Forum) to solicit their comments/concerns; that October 29th through November 19th is the public comment period; and that staff proposes the introduction of the ordinances at the November 19, 2007 Regular Council meeting and their adoption at the December 3, 2007 Regular Council meeting.

Chief Leffler further indicated that the amendments to the new Code comprise four categories: 1.) Existing amendments to the 2003 IFC that are local to the City of Mesa only; 2.) New amendments specific to the City; 3.) New regionally coordinated amendments; and 4.) New nationally approved Fire Code changes that will be published in the 2009 edition of the IFC.

Chief Leffler referred to the PowerPoint presentation and provided an extensive analysis of a number of Code changes. The following items raised a series of questions/concerns among the Committeemembers:

- **Added voice requirement for delayed egress exits.** (This item is specific to the City of Mesa.) (See Attachment 3.)

Chief Leffler reported that when an occupant of a building pushes the panic bar on a door, a delay occurs before the door opens. He stated that every time the bar is pushed, the delay device resets. Chief Leffler explained that the Code revision would require doors with delayed egress locking mechanisms to provide a verbal messaging system instructing the occupant to push the bar once, at which time it would go through one delay without resetting. He added that the locking mechanism would also provide a verbal messaging system to announce the amount of time remaining until the door unlocks.

Committeemember Walters commented that the scenario described by Chief Leffler seems inherently dangerous to her. She stated that she could foresee situations, for instance, during a fire when individuals would be standing behind the person pushing the panic bar and no one would be paying attention to a verbal messaging system. Committeemember Walters suggested that staff advocate on a national level that after three or four pushes on a panic bar, the door would automatically open.

Mr. Key responded that the purpose of the verbal messaging system is to inform the user that the door would open and also to refrain from pushing the panic bar. He added that staff would address Committeemember Walters' suggestion.

Committeemember Jones noted that he would prefer that the City implement a 15-second delay before the door would open and eliminate the reset component in the process. He said that the technology is available in order to implement such changes.

Chairman Rawles concurred with Committeemember Jones' comments and stated that it would be a much safer alternative in the event of a fire occurring in an occupied building.

Chief Beck said that staff would conduct further research relative to this item and investigate the possibility of requiring that the panic hardware utilized in Mesa not include a reset component.

- **Increase the minimum design requirements for shell and warehouse buildings.** (Regionally coordinated.)

Chief Beck reported that it is a fairly common practice for developers constructing, for instance, spec shells in strip shopping centers to build the structures to "the absolute bare minimum" of

design requirements. He explained that the matter of fire protection becomes a major issue and future tenants of the building are often required to upgrade the fire sprinklers at their own cost. Chief Beck stated that this Code change would address such concerns and assist the City in coordinating its efforts in this regard on a regional basis.

Chairman Rawles commented that when a tenant moves into a building, the fire sprinkler requirements must be upgraded to an appropriate level, depending on the type of business. He cited, as an example, if the owner of a pool supply store wanted to occupy a suite in a particular building, because of the kind of products that would be sold onsite, it would be imperative for the individual to upgrade the sprinkler system in order to comply with the Code. Chairman Rawles stated that if a property owner chose not to lease to a pool supply company or other kinds of businesses that necessitated fire protection upgrades beyond the minimum standards, the proposed modification would require the building owner to incur additional costs than is necessary for the type of tenants he envisioned would lease the building.

Discussion ensued relative to the fact that the requirement would include an opt-out provision that would allow the property owner to record a deed restriction against the property stating that the flow capacity for the sprinkler system is limited.

Chairman Rawles expressed opposition to the proposed revision and stated that in his opinion, "it is nothing more than trying to protect people from their own economic decisions."

Committeemember Jones stated that he does not want the City to place itself in the position of placing more challenges in front of individuals wishing to bring their businesses to Mesa.

Committeemember Walters commented that in her opinion, this is not an economic issue, but the fact that the Fire Department becomes "the bad guys" when it is required to inform a building tenant that fire sprinkler upgrades must be implemented before the company can open for business. She also urged staff to inform developers about the opt-out provision.

Chief Leffler further reported on the following items: Added safety factor requirement for calculating fire sprinkler systems; "No Exit" signage now required; Allowing the use of liquid oxygen in residential occupancies.

Mr. Williams highlighted examples of changes to align the Building Code with the Fire Code including, but not limited to, increased minimum design requirements for shell and warehouse buildings; compliance with the Mesa Fire Code Firefighter Breathing Air Replenishment Systems; and other Mesa Building Code changes to mimic new wording in the Mesa Fire Code.

Mr. Williams also spoke regarding other Building Code changes such as allowing storage occupancies the same toilet travel distance requirements as Business and Mercantile occupancies; "no build" agreements between properties to meet 60 foot yard requirements for unlimited area buildings; and modify Table 601, changing exterior walls to no fire rating for Type IIIB – Table 602 will govern instead.

Mr. Williams further reviewed other Residential Code Changes such as modifying Table R302.1, which would change exterior wall projection non-rating to 4 feet separation instead of 5 feet; and creating a new Appendix R – unconventional construction methods to allow rammed earth, straw bales and other energy efficient construction methods (green building). He also outlined a series of changes to the Electrical Code and Plumbing Code.

Chairman Rawles stated that because the public comment period regarding the proposed Code changes does not end until November 19th, he would prefer that any action by the Committee be deferred until that time. He suggested that the Committee meet briefly on November 19th to receive an update from staff regarding any public comment, after which the members would consider the issue and make a recommendation to the Council.

Ms. Dollar stated that staff would bring back this item to the Committee for further consideration on November 19th.

Chairman Rawles thanked staff for the presentation.

5. Hear a presentation, discuss and make recommendations on proposed revisions to the Mesa Administrative Code and Building Safety Schedule of Fees and Charges.

Mr. Williams reported that the proposed changes to the Mesa Administrative Code and Building Safety Schedule of Fees and Charges are being brought forward in order to make minor modifications to the requirements for building permits and streamline several building permit fee calculations for the City of Mesa. He explained that staff seeks the recommendation of the Committee to adopt the proposed ordinance and resolution with an effective date of February 4, 2008.

Mr. Williams displayed a PowerPoint presentation (A copy is available for review in the City Clerk's Office) and highlighted various Administrative Code Update fee and service improvements.

Chairman Rawles stated that because the public comment period concerning these Code changes also ends on November 19th, he once again suggested that the Committee defer action on this item until the November 19th General and Economic Development Committee meeting.

Chairman Rawles thanked Mr. Williams for the presentation.

6. Adjournment.

Without objection, the General Development Committee meeting adjourned at 5:11 p.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the meeting of the General & Economic Development Committee of the City of Mesa, Arizona, held on the 5th day of November 2007. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK