

COUNCIL MINUTES

March 1, 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 March 1, 2007 at 7:30 a.m.

COUNCIL PRESENT

Mayor Keno Hawker
Rex Griswold
Kyle Jones
Tom Rawles
Scott Somers
Claudia Walters
Mike Whalen

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Barbara Jones

Mayor Hawker excused Councilmember Rawles from the remainder of the meeting at 9:14 a.m.

(Items on the agenda were discussed out of order, but for purposes of clarity will remain as listed on the agenda.)

1. Review items on the agenda for the March 5, 2007 Regular Council meeting.

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

Conflicts of interest declared: Hawker (7g); 8e (Hawker-Rawles)

Items removed from the consent agenda: None

Items added to the consent agenda: None

2. Hear a presentation, discuss and provide direction on the disposition and development of the southwest corner of University Drive and Mesa Drive.

Assistant City Manager Debra Dollar introduced Dr. Rufus Glasper, Chancellor of the Maricopa Community College District, Vince Di Bella of Saemisch & Di Bella Architects, and Town Center Development Director Shelly Allen. Ms. Dollar displayed a PowerPoint presentation (a copy is available for review in the City Clerk's Office) and noted that in June of 2006, the Council directed staff to develop a Master Plan for the downtown Mesa Community College (MCC) campus, including a parking analysis and an understanding of traffic flow and pedestrian connections. She reported that City and MCC staff further defined MCC's programming and space requirements with the assistance of Concord Eastridge, a firm that specializes in planning

educational facilities. Ms. Dollar advised that the study process determined that the proposed Center Street campus location lacked sufficient parking, limited the viability of the Convention Center and disrupted the pedestrian flow and the existing green space. She said that the process also identified that the southwest corner of University and Mesa Drives would be a better location for the campus. Ms. Dollar explained that when the possibility of a health care/education partnership failed to develop, the site at University and Mesa Drives became more viable for the campus. She reported that Saemisch & Di Bella Architects were retained to update the conceptual plan for the area that would facilitate accomplishing the following goals:

- Recoup the City's investment.
- Return the property to a productive state.
- Enable the plans for a downtown campus to move forward.

Mr. Di Bella advised that certain constraints were identified relative to the parcel, including major utility infrastructure along North Hibbert Street, existing buildings on the northeast and northwest corners, and a residential complex on the southeast corner. He provided an overview of the conceptual plan (see Attachment 1), which includes the MCC building, parking, office space, urban office/retail space that could include lofts, a residential town home development, and greenbelt/pedestrian/bicycle pathways. Mr. Di Bella explained that the residential town home component would provide a good transition to the adjacent neighborhoods. He stated that the plans include 120,000 square feet of space for MCC on the southwest corner. Mr. Di Bella noted that one parking space would be available for every 300 square feet of area, which is compatible with the City's development standards. He added that these figures do not include additional parking spaces that may be available in the Centennial Center garage.

Dr. Glasper thanked the Council for the opportunity to represent the Maricopa Community College District and Mesa Community College at this meeting. He stated that MCC is proud of the long partnership that has existed with the City of Mesa, and he added that MCC is committed to moving forward with the plans to establish a permanent downtown Mesa campus. Dr. Glasper advised that the following actions are being recommended to their board as a part of MCC's commitment to this project:

- Purchase of the Maricopa County Building.
- Negotiate with the City for ownership of the fourth floor of the Carousel View Building.
- Approve an Intergovernmental Agreement between the partners for the joint construction of an addition to the Mesa Main Library for community technology programs and college library services.
- Begin the Master Planning process for the nine-acre parcel.

Dr. Glasper stated that high-demand educational programs planned for the downtown campus include the fire sciences, media arts, education, music business and studio recording, interior design and network academy courses. He advised that MCC's partners in this effort, Mesa Public Schools (MPS) and Northern Arizona University (NAU), have provided letters of intent expressing support for moving forward to develop the downtown Mesa campus. Dr. Glasper said that the downtown campus would offer a P-20 program (a program that addresses preschool through post-graduate education), and he noted that he serves as Co-chairman of the Governor's P-20 Council. He further stated that MCC is committed to moving forward with the project.

In response to a question from Vice Mayor Walters, Dr. Glasper clarified that the current plans for the campus address a P-16 Program and that the partners recognize the possibility that post-graduate classes could be added in the future.

Ms. Dollar summarized that staff was seeking Council direction regarding the following actions:

- Begin negotiations with MCC for their portion of the property.
- Solicit a real estate broker to market the remaining property to a Master Developer and/or enter into negotiations for portions of the property as development occurs.

Responding to a question from Mayor Hawker, Ms. Dollar explained that once negotiations between the City and MCC are complete, both the City and MCC would be able to move forward on independent timelines.

Dr. Glasper addressed Mayor Hawker's concerns regarding "independent timelines" by noting that MCC has a fixed dollar amount available in their bond program, and he stated that MCC is anxious to move forward as soon as possible in order to minimize the impact of inflation on construction costs.

Councilmember Jones expressed support for moving the project forward.

In response to a series of questions from Councilmember Whalen, Ms. Dollar advised that the City's Pasadena Street property could be leased on a long-term basis or the property could be sold. She confirmed that the City also owns the Carousel View Building and that both properties would be addressed during the negotiation process.

Ms. Allen advised that although the fourth floor of the Carousel View Building could be expanded, the parking garage could not be expanded.

Responding to a question from Councilmember Whalen, Ms. Dollar said that the City would continue to collaborate with MCC regarding the fire sciences education program, but that the Fire Administration Building is no longer included in the plans for this area. She advised that alternative locations for the Fire Administration Building have been identified, including the former site of Station No. 1.

Mr. Di Bella responded to a question from Vice Mayor Walters by advising that the buildings proposed for the University Drive and Mesa Drive frontage areas are designated as two stories in order to align with the available number of parking spaces. He added that if additional parking spaces are identified, these buildings could be expanded to three or four stories.

Vice Mayor Walters noted that incorporating a "live/work loft" concept would not affect the need for additional parking spaces, and she suggested that the plans continue to be creative in order to address the needs of an urban environment.

Councilmember Rawles stated that although he supports moving forward to develop the downtown MCC campus, he was opposed to the City's efforts to micro-manage the development of the site. He expressed the opinion that the "free market" approach should be utilized to develop the remaining property.

Mayor Hawker expressed support for the plans for the downtown MCC campus, and he suggested that the remaining property be sold to the private sector through a master broker.

Councilmember Somers recommended that the City implement any necessary changes to the City Code in order to accommodate the best development in the downtown area. He concurred that the downtown campus should move forward and that development of the remaining property should be addressed by the private sector.

Vice Mayor Walters, noting that the City owns and controls the property, suggested that the citizens of Mesa have high expectations regarding the development of this area. She said that the "free market" approach could result in a payday loan operation or a dollar store at the location. Vice Mayor Walters expressed support for private sector development with certain caveats in place. She noted that the City invested in the property a long time ago, and she stated the opinion that the Council should not squander an opportunity to ensure the quality of the development.

Responding to a question from Councilmember Jones, Ms. Allen advised that the City has a list of potential developers. She stated that upon receiving Council approval to utilize a broker, staff would provide the broker with the list of developers who have expressed an interest in this area. Ms. Allen also confirmed that the list includes many major firms.

Councilmember Griswold suggested that MCC could construct a four-story building with a smaller footprint, which would provide additional parking adjacent to the building.

Mr. Di Bella advised that the present plans are conceptual and flexible in terms of the footprints. He explained that a four-story building requires a different type of construction.

Mayor Hawker stated that the consensus of the Council is that staff is directed to move forward to negotiate with MCC and to retain the services of a broker to market the City's property. He thanked staff and Dr. Glasper for the presentation.

3. Hear a presentation and discuss the proposed funding recommendations for FY 2007-2008 CDBG/HOME/ADDI/ESG programs.

Acting Community Revitalization/Housing Director Kit Kelly introduced Community Revitalization Specialist Lisa Hembree and advised that a public hearing on the proposed funding recommendations for fiscal year (FY) 2007-2008 programs would be held during the March 5th Regular Council meeting. She displayed a PowerPoint presentation (a copy is available for review in the City Clerk's Office) that outlined the federally-funded programs:

- Community Development Block Grant (CDBG)
- HOME Investment Partnerships Program (HOME)
- American Dream Downpayment Initiative (ADDI)
- Emergency Shelter Grant (ESG)

Ms. Kelly advised that the Federal government has not yet established the final funding amounts for the programs. She stated that each Councilmember received a binder (a copy is available for review in the City Clerk's Office) that includes detailed information on the application process, the resolutions, background information, program history, and staff's

funding recommendations for FY 2007-2008. Ms. Kelly reported that staff made a concerted effort to address Council concerns regarding administrative costs, which resulted in a reduction from 15.8 percent to 13.4 percent during the past year.

Ms. Hembree continued the presentation by advising that the final date for Council action to approve the program funding recommendations is April 2, 2007. She said that a "report card" system has been implemented in order to monitor the performance of non-profit agencies with respect to Federally funded programs, and she outlined the various types of activities for which the Federal funds could be utilized.

Mayor Hawker thanked staff for the presentation.

4. Hear a presentation, discuss and provide direction on cultural impact fees.

Mayor Hawker noted that at a previous meeting the Council discussed all impact fees except the cultural impact fee. He stated the opinion that the Mesa Arts Center and donated museum collections should be excluded from the impact fee calculation. Mayor Hawker suggested that the Council consider eliminating the cultural impact fee category or merging the cultural category into the Parks and Recreation impact fee.

Building Safety Director Terry Williams stated that Mesa is the only city in Arizona that has established a separate cultural impact fee. He added that several other cities address cultural facilities, including museums, as a part of the Parks and Recreation impact fee. Mr. Williams displayed a PowerPoint presentation (a copy is available for review in the City Clerk's Office) that outlined the following options available for Council consideration:

1. Continue to charge cultural impact fees at the current rate (which is higher than the rate proposed by the Duncan Associates Impact Fee Study).
2. Continue to charge cultural impact fees at the maximum rates allowed per the Duncan Associates Impact Fee Study recommendation (which eliminates the Mesa Arts Center and donated museum collections from the calculation).
3. Eliminate cultural impact fees.
4. Eliminate cultural impact fees and combine certain cultural elements into the Parks and Recreation impact fee.

Mr. Williams stated that although staff has not discussed Option 4 with the City Attorney's Office or representatives of Duncan Associates, the fact that other cities utilize a similar approach indicates the viability of the alternative.

Mayor Hawker expressed support for Option 4.

Councilmember Rawles concurred with Mayor Hawker's support for Option 4. He stated the opinion that the City of Mesa should not be a leader with respect to establishing fees that differ from those of other communities.

In response to questions from Councilmember Rawles regarding the change in staff's recommendation of February 8th (to eliminate cultural impact fees) to the February 28th

recommendation (to assess cultural impact fees at the rates proposed by Duncan Associates), Mr. Williams explained that staff reconsidered the alternatives. He noted that Duncan Associates recommended that a lower cultural impact fee be retained and that the Mesa Arts Center be excluded from the calculation. Mr. Williams advised that Option 4 proposes to incorporate certain cultural elements into the existing Parks and Recreation fee.

It was moved by Vice Mayor Walters, seconded by Councilmember Rawles, to adopt Option 4, which eliminates cultural impact fees by incorporating certain cultural elements into the Parks and Recreation Plan and recalculating the Parks and Recreation impact fees. (No Council vote was taken on the motion.)

Responding to a question from Councilmember Somers regarding Option 4, Mr. Williams stated that his understanding of a broadly defined Parks and Recreation Plan is one that includes certain cultural elements and that the funds could be utilized without any distinction between "cultural" and "parks" projects.

Discussion ensued relative to the fact that questions regarding the Parks and Recreation Plan, which were posed by the Council at a previous meeting, would be addressed at the March 22nd Study Session; that a broadly defined Parks and Recreation Plan would include certain cultural elements; that the Parks and Recreation impact fee revenues would not identify separate funds for "cultural" or "parks" projects; and that the City would have the discretion to appropriate the funds to projects included in the Plan.

Councilmember Somers proposed that the Council delay a decision on the motion in order for the Council to hear comments from City staff members who represent the cultural area and the Parks and Recreation area.

Further discussion ensued relative to the fact that the City is required to utilize impact fee revenue for capital projects; and that the capital project budget allocations require Council review and approval.

In response to a question from Councilmember Rawles, City Manager Christopher Brady recommended that the existing list of cultural elements be incorporated into the Parks and Recreation Plan for review by the Council at the March 22nd Study Session.

Councilmember Rawles stated the opinion that the fee should continue to be identified as the Parks and Recreation impact fee with the understanding that "cultural elements" are defined as components of recreation.

Councilmember Griswold said that although other cities have higher impact fees, the City of Mesa is legally required to calculate impact fees based on the value of the City's assets.

Mr. Williams advised that the study conducted by Duncan Associates identified the fact that the City of Mesa is positioned between the City of Tempe and the Town of Gilbert relative to both the City's stage of development and the total amount of impact fees. He noted that another fact to consider is that other cities impose impact fees for the construction of new streets while the City of Mesa requires developers to install the infrastructure. He added that the City of Mesa would rank higher in the comparison data if street construction costs were included.

Mr. Brady clarified that although many of the City's facilities were constructed many years ago, impact fee calculations are based on the present costs to replace the facility. He explained that the intent is to provide new residents with the same level of service presently available to existing residents.

Mayor Hawker advised that the Council has provided staff with direction relative to this item, and he thanked staff for the presentation. He said that the Council would consider agenda item 3 at this time.

(Mayor Hawker excused Councilmember Rawles from the meeting at 9:14 a.m. after the Council discussion of agenda item 4 and prior to the discussion of agenda item 3.)

5. Discuss and provide direction on the Regional Office Center as proposed by MAG's Building Lease Working Group.

Mayor Hawker, speaking as Chairman of the Maricopa Association of Governments (MAG) Building Lease Working Group, said he would like to update the Council regarding the proposed Regional Office Center, which would address the needs of four regional agencies that presently lease office space. He stated that research conducted by the Working Group indicates that acquiring a building for occupancy by these agencies is a viable long-term approach that would provide economies of scale. Mayor Hawker advised that the only group that has decided against participating in this approach is the Arizona Municipal Water Users Association (AMWUA), and he added that the AMWUA space would be reallocated to the other agencies.

Councilmember Griswold expressed support for the proposed Regional Office Center.

Mayor Hawker advised that the benefits of purchasing a building would be realized in the long term, and that the City could experience higher assessments in the short term. He noted that an informational meeting for all parties including City staff is scheduled for March 6, 2007.

In response to a comment by Vice Mayor Walters regarding the fact that the Arizona League of Cities and Towns generates additional revenue by leasing a portion of their building, Mayor Hawker advised that provisions regarding subleasing would be included in each agency's lease. He noted that each Councilmember received a copy of a flowchart (see Attachment 2) that provides a timeline of the activities. Mayor Hawker stated that he wanted to update the Council regarding the status of this proposal and provide an opportunity for the Council to express any concerns relative to the City of Mesa's participation in this effort.

Vice Mayor Walters also expressed support for moving forward on this project.

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

Councilmember Somers: Comprehensive Strategic Plan meeting based on the Urban Land Institute report.

Vice Mayor Walters: Caledonian Society's event at Mesa Community College (MCC).
MCC's Commission on Excellence meeting on education.
Ribbon cutting ceremony at Congressman Harry Mitchell's office.
Ribbon cutting ceremony for Desert Schools Federal Credit Union.

- Mayor Hawker: Meeting with Congressman Mitchell at Williams Gateway Airport.
- Councilmember Whalen: Final meeting regarding the Palo Verde to Bakersfield KV line.
District 2 Town Hall meeting.
- Councilmember Griswold: Chamber of Commerce awards banquet.
Tour de Phoenix bicycle race meeting.

7 Scheduling of meetings and general information.

City Manager Christopher Brady stated that the meeting schedule is as follows:

Monday, March 5, 2007, TBA – Study Session

Monday, March 5, 2007, 5:45 p.m. – Regular Council Meeting

Thursday, March 8, 2007, 7:30 a.m. – Study Session

Thursday, March 15, 2007, 7:30 a.m. – Study Session

Thursday, March 15, 2007, 8:00 a.m. – Transportation & Infrastructure Committee 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 9:38 a.m.

KENO HAWKER, MAYOR

ATTEST:

BARBARA JONES, 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 1st day of March 2007. 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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Attachments (2)