

COUNCIL MINUTES

October 9, 1997

The City Council of the City of Mesa met in a Policy Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on October 9, 1997 at 4:02 p.m.

COUNCIL PRESENT

Mayor Wayne Brown
Vice Mayor Pat Gilbert
John Giles
Dennis Kavanaugh
Wayne Pomeroy
Jim Stapley

COUNCIL ABSENT

Joan Payne

STAFF PRESENT

C.K. Luster
Wayne Balmer
Cindy Barris
Neal Beets
Denise Bleyle
Dennis Compton
Fred Conway
John Gendron
Barbara Jones
Harry Kent
Wayne Korinek
Ron Krosting
Larry Lines
Greg Marek
Jeff Martin
Keith Nath
Ellen Pence
Ray Pittman
Andrea Rasizer
Tom Remes
Becky Richardson
Dan Sanchez
Mindy White
Jim Wright

OTHERS PRESENT

Robert Brinton
Bill Collings
Jim Davidson
Beverly Hart
Malcolm Ross
Jeff Sherman
Roger Smith
Others

Mayor Brown excused Councilmember Payne from the meeting.

1. Discuss and consider a proposed Memo of Understanding with Interactive Leisure Resources regarding the redevelopment of Site 17 (Northeast Quadrant).

Redevelopment Director Greg Marek updated Council concerning the status of the redevelopment of Site 17 (Northeast Quadrant) and outlined a proposal from Interactive Leisure Resources (ILR) to develop a diversified family-oriented resort and fitness facility. Mr. Marek

indicated that the project includes 400 hotel suites, condominiums, and numerous amenities, and in conjunction with the Mesa Sheraton, will significantly enhance the City's efforts to attract conventions to the downtown area. Mr. Marek advised that a Memorandum of Understanding (MOU) between the City of Mesa and ILR has been prepared and staff recommends that Council approve the MOU. Mr. Marek noted that the MOU outlines contributions to the project by the City and ILR and is not a formal binding agreement. Mr. Marek stated that when the MOU is approved by both parties, a more comprehensive contractual agreement, known as a Disposition and Development Agreement (DDA), will be prepared.

Mr. Marek identified responsibilities of the City and the developer as outlined in the MOU. Mr. Marek estimated the cost to assemble remaining property, including relocation and demolition, at approximately \$2.8 million. Mr. Marek indicated that the City will retain title to the land and project improvements for eight years (effectively abating property taxes for eight years) and will apply the municipal electric rate to the project during the same eight-year period, saving the developer approximately \$120,000 per year while simultaneously generating approximately \$100,000 per year for the City.

Mr. Marek stated that in accordance with the MOU, the developer will purchase the land for the project from the City for \$100,000 per acre, or approximately \$2.7 million in total, with payments scheduled to commence at the end of the fifth year and conclude at the end of the fifteenth year. Mr. Marek indicated that the delayed payment scheduled is intended to offset the developer's holding costs for the proposed increase in the number of hotel rooms from 200 to 400 rooms. Mr. Marek stated that the developer has agreed to levy a 10 percent surcharge on the hotel rooms and that the difference between the surcharge and the City's 2.5 percent bed tax will be utilized to finance improvements for the project.

Mr. Marek advised that within 90 days of approval of the MOU, the developer will be required to provide evidence demonstrating that financing is available for the project and that sufficient bonding can be provided to complete the project. Mr. Marek anticipated that construction of the project will begin in June 1998.

Mr. Marek introduced Malcolm Ross, Chief Financial Officer of ILR.

Mr. Ross responded to questions from Vice Mayor Gilbert pertaining to ILR, a privately held Canadian company representing a variety of disciplines, which was formed to develop integrated projects that address both destination and domestic use (e.g., time shares and local facility memberships). Mr. Ross related additional projects undertaken by ILR.

Mr. Ross stated that development costs for the Mesa project are estimated at \$42 million but that ILR expects to generate \$57 million through memberships and time share sales. Mr. Ross described the proposed types of memberships that will be available and said that ILR will validate local demand before commencing the project. Mr. Ross reported that ILR anticipates the ability to pre-sell time share units.

Mr. Ross and Council spoke concerning the proposed time frame for the project, anticipated street closures, projected revenue to the City, estimated property tax savings of \$4 million (non-cash City incentive provided to ILR), the developer's lease payments for land improvements,

property acquisition costs, and the City's direct net cash contribution to the project of approximately \$2.084 million.

Councilmember Kavanaugh noted that the project represents a ratio of one public dollar for approximately every six private dollars.

In response to a question from Councilmember Kavanaugh, Mr. Marek stated that initial redevelopment proposals for Site 17 included an ice rink and that such a facility may be incorporated into this project in the future. Mr. Ross indicated that drawings for the project include space for the construction of an ice rink.

In response to questions from Councilmember Pomeroy, Mr. Ross advised that ILR anticipates operating a sales office in Canada for this project. Mr. Ross described options to be made available relative to memberships and time share sales.

Brief discussion ensued concerning proposed meetings with surrounding neighborhoods to review the project and site plan.

It was moved by Councilmember Kavanaugh, seconded by Councilmember Pomeroy, to approve the Memorandum of Understanding (MOU) as recommended by staff, direct staff to negotiate a redevelopment agreement with ILR for the redevelopment of Site 17, and direct the Real Estate Division to acquire the remaining property located in the project area.

Upon tabulation of votes, it showed:

AYES - Brown-Gilbert-Giles-Kavanaugh-Pomeroy-Stapley

NAYS - None

ABSENT - Payne

Mayor Brown declared the motion carried unanimously by those present.

Council welcomed the participation of ILR and encouraged them in their efforts relative to this project.

2. Discuss and consider the Community Center's policy on 60-day intervals between similar shows.

Community Center Director Ray Pittman presented background information pertaining to the Community Center's booking policy whereby in the best interest of all potential building users, the Community Center reserves the right to maintain a time period of 60 days between similar types of commercial consumer shows. Mr. Pittman indicated that the policy has been in effect for approximately 15 years and has generally been well received by tenants. Mr. Pittman added that the policy is a standard practice in many cities throughout the nation.

Mr. Pittman advised that a request has been received from James Stoch, President of Jobs America, for a modification to the policy which would allow him to schedule a job fair during 1998 within 60 days of a similar type of event. Mr. Pittman stated that the purpose of the Community Center's policy is to ensure a quality experience for users and attendees alike and

commented that if the Center does not adhere to the policy, the potential audience for the second event will be reduced in most cases.

Mr. Pittman noted that Jobs America conducts jobs fairs at the Phoenix Civic Plaza, which has a similar policy, and that the 60-day rule for which Jobs America is requesting an exception in Mesa is one utilized in Phoenix to obtain exclusive use of the Civic Plaza. Mr. Pittman reported that an opportunity will be available for Jobs America to utilize the Mesa Community Center in January 1999.

Mr. Pittman expressed the opinion that it would be unfair to promoters, exhibitors and attendees to modify the Community Center's policy.

In response to questions from Councilmember Kavanaugh, Mr. Pittman spoke concerning additional adverse effects of similar types of bookings within 60 days of each other, opportunities to maximize revenue streams, and the obligation of the Community Center to ensure successful events.

Council commented that the policy is responsive to market conditions and assists the Community Center in maintaining competitiveness. Mayor Brown stated that it is the consensus of Council present not to amend the policy.

3. Discuss the Main Street streetscape design project.

Mayor Brown, Vice Mayor Gilbert, and Councilmember Pomeroy indicated that they had a potential conflict of interest in connection with the matter now under discussion which they wanted recorded in the minutes of the meeting, and because of such conflict of interest, they would refrain from voting upon or otherwise participating in any manner in connection with same.

Mr. Marek provided an overview of the Main Street streetscape design project to date. Mr. Marek advised that staff has obtained input from the public and the Downtown Development Committee and has met with individual business owners within the downtown area.

Mr. Marek indicated that major issues relative to the project include graphic elements/directional signage, lighting, tree selection, and potential colonnade removal. Mr. Marek reported that projected costs for completion presently exceed the original estimate and said that efforts are underway to redesign the project in an attempt to reduce costs.

Jeff Sherman, Sherman Group Inc., consultant, noted that a project team has been formed to oversee the streetscape process. Mr. Sherman introduced members of the team present at the meeting.

Mr. Sherman referred to schematics and presented the design concept for the streetscape project. Mr. Sherman noted anticipated paving, traffic lanes, parking, landscaping, lighting, and signage.

Brief discussion ensued pertaining to proposed parking, bus bays, and landscaping (including anticipated utilization of Palo Brea trees).

Mayor Brown thanked Mr. Sherman and staff for the update.

4. Hear and consider a resort on transit passenger waiting shelters.

Transit Coordinator Jim Wright utilized overhead slides and displayed photographs of existing passenger waiting shelters throughout the City. Mr. Wright noted concerns expressed regarding the lack of shade and said that staff recommends that Council approve a new design standard for the shelters. Mr. Wright stated that the recommended design is similar to standard shelters being installed in Tempe, which will provide increased seating capacity and wheelchair accessibility and may be outfitted with a pay telephone. Mr. Wright commented that the proposed design represents a greater cost than the current shelters but will improve passenger accommodations.

Mr. Wright advised that staff has additionally been working for several years with Mesa Community College (MCC) on a solar-lit passenger shelter. Mr. Wright reported that MCC has recently secured Arizona Public Service (APS) as an additional partner and said that two potential designs are being considered for the shelter.

Mr. Wright noted that an alternative to the standard shelter design is the artist-designed passenger shelter. Mr. Wright displayed photographs of such shelters in Scottsdale and Tempe.

Discussion ensued pertaining to the portability of shelters, potential installation of misting systems, and the provision of bus turnouts on major streets. Council spoke in favor of the new recommended shelter design and suggested that consideration also be given to the availability of arts funding and possible installation of artist-designed passenger shelters at various significant locations throughout the City.

Mr. Wright noted that several shelters utilizing the City's existing design have been ordered for installation. Council recommended that staff attempt to install the new recommended design rather than the current design.

5. Discuss and consider the possibility of requiring Council Use Permits for pawn shops and tattoo parlors.

Community Development Manager Wayne Balmer related concerns expressed recently pertaining to the increasing number of pawn shops and tattoo parlors located in Mesa. Mr. Balmer stated that a survey conducted by staff reveals that there are presently 23 pawn shops and 8 tattoo parlors located within the City.

Mr. Balmer outlined a proposal for consideration by Council that would restrict new pawn shops and tattoo parlors to C-2 and C-3 zoning districts; require the issuance of a Use Permit to operate such a facility; and establish requirements pertaining to spacing, signage, and building improvements as standards for the issuance of a Use Permit.

In response to a question from Mayor Brown, Mr. Balmer advised that it would be staff's intent that applicants who meet established standards would be granted a Use Permit.

Councilmember Kavanaugh questioned whether existing facilities would be grandfathered under the proposal. Mr. Balmer said that current establishments would be grandfathered but that a licensing provision, which could include fingerprinting/background investigation, could be implemented.

Council and staff spoke briefly concerning the active enforcement by the Police Department of regulations pertaining to pawn shops and stolen property.

Councilmember Giles indicated support for the proposal as presented by staff, including a licensing requirement.

In response to a question from Mayor Brown, Mr. Balmer said that the proposal could be presented to the Planning and Zoning Board in November and scheduled for Council adoption in December, to become effective in January 1998. Mr. Balmer noted that under a licensing provision, spacing criteria could not be applied to existing establishments but conformance to signage regulations could be required.

Mayor Brown stated that it is the consensus of Council present to proceed with the proposal.

6. Hear a report on left-turn arrows and leading and lagging left-turn arrows.

Transportation Director Ron Krosting provided an overview of the City's use of leading and lagging left-turn arrows at signalized intersections. Mr. Krosting stated that a study commissioned by the Arizona Department of Transportation (ADOT) several years ago in conjunction with major Valley cities revealed no adverse ramifications resulting from jurisdictions using different arrow strategies or mixing operations within jurisdictions, and that delay and resultant air pollution are significantly increased as a consequence of converting from leading to lagging operation. Mr. Krosting commented that Mesa has realized optimal operation by predominantly utilizing leading left-turn arrows and using lagging left-turn arrows where warranted.

In response to a question from Mayor Brown, Mr. Krosting advised that Councilmember Payne had indicated an interest in the City's use of left-turn arrows. Mayor Brown suggested that Mr. Krosting further discuss the matter with Councilmember Payne.

7. Scheduling of meetings and general information.

Mr. Luster stated that a Special Council meeting is scheduled for 7:30 a.m. on Friday, October 10, 1997, to be followed by a Study Session.

8. Adjournment.

Without objection, the Policy Session adjourned at 5:42 p.m.

WAYNE BROWN, MAYOR

ATTEST:

BARBARA JONES, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Policy Session of the City Council of Mesa, Arizona, held on the 9th day of October 1997. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 22nd day of October 1997

BARBARA JONES, CITY CLERK