

GENERAL DEVELOPMENT COMMITTEE MINUTES

January 22, 2004

The General Development Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on January 22, 2004 at 10:07 a.m.

COMMITTEE PRESENT	COUNCIL PRESENT	OFFICERS PRESENT
Rex Griswold, Chairman Kyle Jones Claudia Walters	None	Paul Wenbert

1. Discuss and consider additional assistance for businesses impacted by Capital Improvement Program projects.

Assistant City Engineer Peter Knudson and Engineering Public Relations Supervisor Glenn Gorke addressed the members of the Committee relative to this agenda item.

Mr. Knudson displayed graphics in the Council Chambers and provided an update on the current public relations outreach efforts for businesses during the construction of City of Mesa street and utility projects as follows:

- Public meetings are held during project design to obtain input from businesses and neighbors.

Mr. Knudson reported that public outreach on City projects, such as road widening and right-of-way acquisition, begins during the design phase and that subsequent to staff's completion of a preliminary design of the possible alignment of the new roadway, public meetings are conducted with adjacent property owners and businesses who may be impacted by the project. He explained that changes are often made to the project to accommodate the needs of the businesses and homeowners.

- Project construction is phased to maintain access to businesses.

Mr. Knudson advised that per design specifications, the contractor must maintain access to all businesses during construction. He noted that at times, the access may be moved from one driveway to the next. Mr. Knudson stated that the contractor must also supply "Business Access" signs for the benefit of the motoring public. He added that projects are often phased, and in the case of a major intersection, for example, the contractor will be restricted to work on

the north/south section of the street initially, and upon its completion, commence work on the east/west section.

- Information flyers are mailed and hand-delivered to neighborhoods and businesses on a regular basis.
- Lighted message signs and advanced warning signs are installed along the perimeter of the project with City contact information.
- Project information is available on the City's website.
- A 24-hour, seven-day-a-week project telephone hotline is provided.
- The City suspends restrictions on A-frame and banner signs for businesses in the construction area.
- The City holds bi-weekly or weekly meetings with businesses on larger projects.
- The City's Public Relations staff conducts regular visits to impacted businesses to discuss project issues.
- The City works with businesses to address their needs for customer access.
- The City assists business owners in the promotion of their businesses.

Mr. Gorke briefly highlighted his and his staff's efforts to conduct public outreach.

Discussion ensued relative to the fact that staff surveyed public relations outreach efforts in adjacent municipalities and State and Federal agencies regarding methods of assisting businesses during street construction and determined that the City of Mesa's efforts far exceed most communities; and that staff has compiled for the Committee's consideration additional items and their associated costs that could be provided as part of an expanded public relations outreach program during roadway construction projects. (See Attachment.)

Chairman Griswold questioned whether staff is in need of any "tools" to more effectively conduct public outreach efforts that they currently do not have.

In response to Chairman Griswold's inquiry, City Engineer Keith Nath clarified that a new "tool" that the City has acquired is the "Construction Manager at Risk" (CM at Risk) program, which is intended to be utilized, among other things, for future road projects, especially road widening which is the most disruptive to businesses and neighborhoods. He advised that using the CM at Risk approach allows the contractor to participate in the design process from the beginning; introduces the contractor to the affected business owners and residents "up front" and they are kept apprised of their concerns throughout the duration of the project; and provides the City with the opportunity to select a contractor to participate not only in the construction of the project, but in the public outreach as well.

Committeemember Walters voiced concerns regarding the impact of street construction projects on small businesses, as opposed to major corporations, that may be struggling to financially survive during the process. She noted that it may be a financial hardship for a business that is already struggling to purchase A-frame and banner signs and questioned whether there is a way for the City to address the needs of smaller, independent businesses.

In response to Committeemember Walters' comments, Mr. Nath advised that it would require Council direction to determine whether it is appropriate for the City to help the smaller businesses in terms of providing signage. He noted, however, it would be a challenge for staff to discern which businesses are entitled to assistance and which are not. Mr. Nath explained that what the City does do to aid small businesses during the construction of a City street project is to assess their individual needs, tailor the phasing of the work to accommodate those needs, and provide alternative access points if a driveway is obstructed.

Further discussion ensued relative to the fact that the City is often willing to expand the time period prior to and subsequent to construction to allow businesses the opportunity to advertise with A-frame and banner signs; that it provides "Business Access" signs and personalized business signs, if necessary (i.e. Jiffy Lube); that it encourages the contractor and his crew to utilize the businesses that are being impacted by the street construction; that staff has received considerable positive feedback from business owners relative to the City's public relations outreach efforts during recent street construction projects; the scheduling of crews to work nights and weekends to expedite the completion of a project; that the CM at Risk program allows the contractor to be selected based on proven qualifications as opposed to submitting the lowest bid; the City's efforts during the pre-design phase to work with utility companies to locate their utility lines and either design around them or relocate the lines prior to the commencement of construction; and Phoenix researching the issue of lane rental.

Chairman Griswold expressed appreciation to staff regarding the fact that the number of comments and complaints from business owners has dropped due to staff's public relations outreach efforts.

Committeemember Walters noted that although the agenda item stated "discuss and consider," she was prepared at this time to recommend that the Committee accept the recommendations that have been brought forward by staff. She added that she would also encourage staff to bring this issue forward again in the future if and when staff determines that additional "tools" are needed to better carry out their responsibilities. Committeemember Walters also suggested that staff report back to the Committee regarding the success of their efforts after Phoenix completes their process.

In response to a question from Committeemember Walters, Chairman Griswold stated that Committeemember Walters' comments were sufficient and a motion was not necessary.

Chairman Griswold also requested that staff provide the Committee with an estimate of costs associated with the placement of advertisements on the City's web site in the future by businesses that are impacted by street construction projects.

Mr. Nath commended Mr. Gorke, his staff and Field Supervising Engineer Bob Draper for their efforts and hard work in effectively and efficiently communicating with contractors, business owners and neighbors.

2. Discuss and consider a purchasing policy preference for Mesa-based bidders.

Materials Management Director Sharon Seekins addressed the members of the Committee relative to this agenda item. She reported that she became aware of the fact that Mesa-based bidders have approached Chairman Griswold to discuss the possibility of allowing a preference equal to the City's sales tax rate for local firms who bid on City contracts. Ms. Seekins commented that in researching the issue, she has learned that the City of Mesa never had a formal preference policy or ordinance, although Mesa vendors used to benefit from not having to pay City sales tax on sales made to the City. She stated that per Council direction, the practice was eventually discontinued and the exemptions eliminated.

Ms. Seekins advised that in conducting an analysis of 2002/2003 supply contracts over \$10,000 (with the potential preference considered in the analysis of 1.5%), it was determined that Mesa-based bidders received awards of only 6% of the total dollars. She stressed, however, that the City conducts a substantial amount of business with Home Depot, Lenhart's and many local businesses on purchases under \$10,000, which comprise a large portion of the City's total volume of purchases. She stressed that although her analysis tends to indicate that Mesa does not conduct business with its local establishments, that is, in fact, not the case.

Ms. Seekins commented that she is personally not supportive of preferences and indicated that they could hurt Mesa businesses if other communities retaliate by enacting countermeasures. She stated that if the Committee is inclined to increase the City's outreach efforts and increase participation by local vendors in the City's purchasing processes, she would recommend that Purchasing staff work with the Chamber of Commerce, the Economic Development Office and other entities in this regard. Ms. Seekins noted that various communities host business fairs, wherein local businesses are invited to meet with major employers and buyers in the area. She stated that the City is scheduled to participate in a fair next week in the West Valley being sponsored by ASU-West. She added that to her knowledge, Mesa has never hosted such an event and stated that it would be a good alternative to enacting a preference policy.

Discussion ensued relative to the fact that the City of Phoenix is the only municipality in the Valley that offers local bidders any type of financial preference; that it analyzes bids from Phoenix-based vendors based on the pre-tax total for taxable purchases of materials, supplies or equipment and non-Phoenix bidders are evaluated based on the post-tax total; that Phoenix vendors receive the equivalent of a 1.8% preference for taxable purchases; and a comparative analysis offered by Chairman Griswold regarding equal bids submitted to the City of Mesa by a Phoenix-based business and a Mesa-based business in which he concluded it would be more cost effective to "shop Mesa."

In response to Chairman Griswold's analysis, Ms. Seekins clarified that because there are various sales tax rates in different parts of the Valley, staff does look at after tax prices. She assured the Committee that after tax, if a Mesa business's bid were the least expensive, her office would recommend award to that entity.

Chairman Griswold commented that he is aware of many Mesa businesses that have opened satellite offices in Phoenix in order to qualify as a Phoenix vendor and receive the equivalent of a 1.8% preference for taxable purchases. He stated that if Mesa-based businesses had parity with the City, he suspects that many Phoenix businesses would open offices in Mesa to receive a local tax advantage as well.

Ms. Seekins emphasized that many Mesa-based businesses sell to other communities and that the implementation of a preference could hurt those businesses if other communities institute a similar practice. She added that it is unfortunate that Phoenix has chosen to offer local bidders a financial preference because it has forced non-Phoenix businesses to rethink their business practices. Ms. Seekins also commented that although this issue is a policy decision that must be made by the Council, she would prefer to keep Mesa's purchases focused on the ultimate best value for the City and the lowest cost to the taxpayers.

Committeemember Walters stated the opinion that there are different philosophical ways in which to consider this matter. She questioned whether Mesa-based businesses would ultimately be harmed because Phoenix offers Phoenix-based bidders a financial preference and the City does not engage in such a practice.

Further discussion ensued relative to the fact that if there had been a 1.5% preference in place during the study period, Mesa-based businesses would have had the lowest bid in only four of the 147 contracts and purchases studied; and that when Mesa firms do bid on contracts, they tend not to be very competitive on large ticket purchases, although the City does award many smaller purchase contracts to those entities.

It was moved by Committeemember Walters that the General Development Committee review this matter in one year; that the City conduct various outreach efforts within the local business community, including hosting a business fair preferably at Mesa Community College (MCC); and that the City solicit input from the Chamber of Commerce regarding the pros and cons of the City instituting a preference policy for Mesa-based businesses to ensure that it would not result in unintended consequences for the local business community.

Chairman Griswold commented that as a board member of the Chamber of Commerce, this item was brought to his attention by two of his fellow board members. He stated the opinion that it is a matter of perception whether the City is pro-business or anti-business and noted that because the City does not have a local preference for Mesa bidders, that could be "held up" as a reason why Mesa is anti-business. Chairman Griswold added that he is amenable to referring this issue to the Chamber of Commerce for input and stressed that Mesa business owners are only seeking parity and nothing more.

Ms. Seekins reported that in speaking with her counterpart at the City of Phoenix, she was advised that in only "a handful of situations" Phoenix's preference policy made a difference in how a contract was awarded.

Committeemember Jones seconded Committeemember Walters' motion.

Carried unanimously.

Chairman Griswold expressed appreciation to Ms. Seekins for her informative presentation.

3. Adjournment.

Without objection, the General Development Committee meeting adjourned at 11:07 a.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the meeting of the General Development Committee of the City of Mesa, Arizona, held on the 22nd day of January 2004. 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

City Council Report

Date: January 14, 2004
To: City Council
Through: Mike Hutchinson, City Manager
Paul Wenbert, Deputy City Manager
From: Jack Friedline, Development Services Manager.
Subject: Public Relations Outreach for Businesses During Construction

Purpose and Recommendation

The purpose of this report is to update the Council on current public relations outreach efforts for businesses during construction of City street projects and to provide options for Council consideration for additional outreach efforts.

Background

Over the past several years, the Engineering Division has developed an extensive public relations outreach program to assist the public during construction within City streets. The program in use is targeted to give adjacent neighborhoods, businesses and the motoring public input into the design of street projects and the program provides information and assistance to these groups during constructions. The public relations outreach programs currently includes the following:

- Public meetings are held during project design to receive input from businesses and neighbors.
- Project construction is phased to maintain access to businesses.
- Informational flyers are mailed and hand-delivered to neighborhoods and businesses on a regular basis.
- Lighted message signs and advanced warning signs are installed along perimeter of project with City contact information.
- Project information is on the City website.
- A 24 hour, seven day a week project telephone hotline is provided.
- City suspends restrictions on A-frame and banner signs for businesses in the construction area.
- City holds a bi-weekly meeting with businesses on larger projects.

- Regular visits to impacted businesses by Public Relations staff to discuss project issues.
- City works with businesses to address needs for customer access.
- City assists businesses in developing creative ways to promote their business.

Discussion

In an effort to improve our street construction process, Engineering has surveyed adjacent municipalities and state and federal agencies on ways to assist businesses during street construction. We have not yet received information from the cities of Phoenix, Glendale or Scottsdale. Listed below are the results of this survey.

State and Federal Agencies

- There are no grant programs for commercial businesses.
- The Small Business Administration offers low interest loans with extended repayment periods and flexible terms.

City of Chandler

- Suspends their sign ordinance during construction.
- Holds public meetings during design..

Town of Gilbert

- Three public meetings are held, with the last public meeting just prior to start of construction.
- Additional business signs are allowed and business access signs are provided by the Town.
- An outside project manager is hired to be responsible for business notification.

City of Tempe

- Two public meetings are held during design process.

Valley Metro Rail

- Numerous public meetings to be held.
- Construction Outreach Plan developed (attached as Exhibit "A")

Listed below are additional items and their costs, that could be provided as part of an expanded public relations outreach program during roadway construction. Costs are based on three projects a year, one mile in length each. This is based on the current level of projects. If the number of projects increases, the cost would increase.

1. Provide additional, full colors direct mailings explaining the design and construction process and seeking additional public input. (Mailings of 5,000 per project at a cost of approximately \$12,000 per year)
2. Enhance the existing City website. (Approximately 40 staff hours to set up and 5 hours a week to maintain)
3. Provide general information to business owners on what to expect during construction and make available information on loans/grants/assistance from other agencies through our "What to Expect" brochure. This could also serve as a resource to connect businesses with these agencies. A full color brochure would include all the above information as well as contact names and phone numbers. (Printing cost would be approximately \$6,000 annually)
4. Form a business advisory team comprised of key business leaders affected by street construction. (Additional staff time would be required to work with this team.)
5. Provide A-frame and/or banner signs to business at no charge. (Approximate costs would be \$36,000 per year)
6. Team with Arizona Small Business Administration and Service Core of Retired Executives, (SCORE) to create, promote and provide free or low cost seminars to business owners that present low or no cost marketing strategies. (Additional staff time would be required to work with these groups and approximately \$10,000 a year to fund the seminars)
7. Work with the local businesses to provide a coupon booklet full of discounts and specials during the construction. Additional staff time would be required to coordinate this and approximately \$6,000 per year for printing.)

Alternatives

Any of the above items could be selected as an alternative as determined by Council. The alternatives listed below were to provide options of how these items could be grouped to give a range of cost options.

Alternative #1 would be to implement items 1,2 and 3. This alternative could be done with existing staff with a cost of approximately \$18,000 per year.

Alternative #2 would be to implement items 1,2,3,4 and 5. This alternative would require one additional staff member. The cost for this option would be approximately \$126,000 per year, which includes the additional staff member and a vehicle.

Alternative #3 would be to implement items 1,2,3,4,5,6 and 7. This option would cost approximately \$142,000 per year.

Fiscal Impact

The fiscal impact would depend on which option is chosen.

Concurrence

No other Departments are affected by this report.

Peter Knudson, Assistant City Engineer

Keith Nath, City Engineer

Jack Friedline, Development Services
Manager

Paul Wenbert, Deputy City Manager

Mike Hutchinson, City Manager

Central Phoenix / East Valley Light Rail Transit Project

Construction Outreach Plan

Communications

- 24-Hour, 7 day per week project hotline (live voice during construction)
- Valley Metro Rail project web-site information posting, e-mail responses and recent photos of construction progress
- Published cell phone numbers for the Valley Metro Rail Public Involvement staff
- Street closure notification via project web site, broadcast e-mails and flyers distributed by the line section area coordinators
- Periodic construction update meetings
- Use of a Community Advisory Board (CAB) for each light rail construction line section (composed of business and civic leaders from that line section) to provide input to the CP/EV Light Rail Project Team on contractor community relations and to be used as a measure for contractor performance

Operations

- Courtesy and traffic guide signage (Note: City staff are making arrangements for waivers of any applicable sign ordinance during the life of project)
- Traffic circulation plan for all line sections that maintains access to buildings, including access information on web-site

Marketing Assistance

- Business promotions (possibilities include listing light rail alignment businesses on LRT project web site, participation in the production/implementation of a discount card program, and production/distribution of an Light Rail Information Brochure/Business Location Map for each of the five line sections)
- Encourage contractors and Light Rail Project staff to patronize businesses along rail alignment
- Work with business associations to help them promote their businesses
- Prepare booklet and conduct forums on ways to maintain business operations during light rail construction. Via local sponsorships, bring in business owners who have experienced light rail construction in other cities.

Staffing

- LRT construction-phase outreach staffing:
 - o Five full-time Public Involvement Area Coordinators (one assigned to each

- o line section) to serve as first point of contact for stakeholders
 - o One Business Outreach Specialist/Business Courtesy Sign Coordinator
 - o Light Rail Project Construction Engineer (Resident Engineer) & field staff
 - o Safety Engineer and assistant
 - o Full-time Public Involvement Manager and administrative assistant
- Contractor's staff for each line section:
 - o Project Manager / Superintendent & field staff
 - o Safety Officer
 - o Quality Control Manager
 - Transit operations staff (responsible for bus rerouting & notification)

EXHIBIT A