



COUNCIL MINUTES

October 1, 2009

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 October 1, 2009 at 7:37 a.m.

COUNCIL PRESENT

Mayor Scott Smith
Alex Finter
Dina Higgins
Kyle Jones
Dennis Kavanaugh
Dave Richins
Scott Somers

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Linda Crocker

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

1. Review items on the agenda for the October 5, 2009 Regular Council Meeting.

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

Conflicts of interest: None

Items added to the consent agenda: None

Items removed from the consent agenda: None

2. Hear a presentation, discuss and provide direction on accelerating the design and right-of-way acquisition for the Gateway Freeway, State Route 802, Phase 1 and issuing Highway Project Advancement Notes. (Related to Item 7d on the October 5th Council meeting agenda.

Deputy City Manager Bryan Raines and Government Relations Coordinator Brent Stoddard addressed the Council relative to this agenda item.

Mr. Stoddard reported that the purpose of today's presentation is to brief the Council regarding item 7d on the October 5, 2009 Council meeting agenda, which relates to ordering the sale of up to \$20 million of City of Mesa Highway Project Advancement Notes (HPANs) in order to advance Phase 1 of the Gateway Freeway, State Route 802 (SR 802) (Loop 202 to Ellsworth

Road) by four years. He stated that the project would include the acquisition of right-of-way to complete Phase 1 and also the completion of design work.

Mr. Stoddard noted that earlier this year, the Arizona Legislature “swept” the Statewide Transportation Acceleration Needs (STAN) account and diverted those funds to the State’s General Fund. He stated that Mesa intended to use its share of those monies to accelerate the right-of-way acquisition, design and construction of SR 802. Mr. Stoddard advised that in pursuing alternative financing scenarios that would not financially impact the City, staff proposed that Mesa issue HPANs to pay for the acceleration. He also remarked that Mesa introduced the HPANs legislation, which was enacted in 2001, and said it allows municipalities to accelerate major transportation projects and issue bonds.

Discussion ensued relative to the fact that the City of Mesa entered into an intergovernmental agreement with the Arizona Department of Transportation (ADOT) and the Maricopa Association of Governments (MAG) to accelerate right-of-way acquisition and design for the Gateway Freeway, SR 802, Phase 1, by four years; that Mesa would issue HPANs to pay for the acceleration, with up to \$20 million in the first issuance and \$25 million in approximately six months; that Mesa would advance the funds to ADOT for design and right-of-way acquisition; that in FY 2014, ADOT would repay the City for the advanced funds with Proposition 400 monies that have already been programmed for the SR 802 project; that any interest costs incurred by the City would also be paid with Proposition 400 monies set aside for the right-of-way protection of SR 802; and that any cost savings from Phase I would be transferred to an account reserved for the advanced construction of SR 802.

Mr. Stoddard further highlighted a series of benefits to the City of Mesa in moving forward with the Gateway Freeway, SR 802 Phase I acceleration project. **(See Attachment 1)**

In response to a question from Councilmember Somers, Mr. Stoddard clarified that the Proposition 400 regional sales tax dollars specifically designated for SR 802 cannot be “swept” by the Legislature.

Councilmember Kavanaugh expressed appreciation to staff for their creative and innovative efforts in seeking financing for the SR 802 acceleration. He also commented that it was particularly rewarding to see the City utilizing the statute that it advanced in 2001.

Vice Mayor Jones noted that the City’s issuance of HPANs was the mechanism that allowed Mesa to accelerate the Red Mountain Freeway-Loop 202 project.

In response to a question from Councilmember Somers, Mr. Raines clarified that the \$20 million in HPANs would be secured by City excise tax and stated that Mesa currently has no outstanding excise tax bond debt.

Councilmember Somers noted that the completion of SR 802 is an important project not only for southeast Mesa, but the entire region. He stated that it would expedite job growth, economic development, move traffic more efficiently and also facilitate, at some point, moving the terminal at Phoenix-Mesa Gateway Airport from its current location to the east side of the facility where it would have the capacity to expand.

In response to a question from Councilmember Richins, City Manager Christopher Brady clarified that one of the disadvantages in proceeding with the project now is the interest costs that the City would incur since ADOT will not repay the advanced funds until 2014. He reiterated, however, that those costs would be repaid with Proposition 400 monies that have been set aside for right-of-way protection of SR 802.

Larry Given, Wedbush Morgan Securities, Inc., the City's financial advisor, reported that the City of Mesa would be repaid between June 2013 and December 2014, with the bulk of the repayment in the middle of that time period for right-of-way acquisition. He also advised that the design work is spread out over an 18-month period. Mr. Given explained that the reason the repayment is structured in such a manner is so that it matches the way in which ADOT would have spent the money had Mesa not done the acceleration.

Mr. Given also commented that the City of Mesa would have \$20 million of HPANs maturing on July 1, 2015, which would provide a one-year "cushion" in the event ADOT failed to repay the advanced funds by 2014. He added that if ADOT delayed the repayment, for example, for two years, the City would refinance the notes.

Further discussion ensued relative to the fact that the interest costs for the project are estimated at \$7 million and the City has set aside \$8 million to cover those costs; that one of the advantages of proceeding with the Phase I acceleration is to assist the landowners in the area in selling their property; and that securing the right-of-way will create greater certainty with regard to the design process and facilitate the City in planning the east side development of the Phoenix-Mesa Gateway Airport terminal.

Vice Mayor Jones thanked staff for the presentation.

3. Discuss and adopt the Central Mesa Light Rail Stakeholder Advisory Committee Bylaws.

Economic Development Department Director Bill Jabjiniak introduced Neighborhood Outreach Coordinator Jodi Sorrell and Economic Development Specialist Shea Joachim, who were prepared to address the Council relative to this item.

Mr. Jabjiniak stated that the formation of the Central Mesa Light Rail Stakeholder Advisory Committee is an important economic development tool and a means by which City staff can understand the needs of stakeholders in downtown Mesa.

Ms. Sorrell reported that because the Central Mesa Light Rail Stakeholder Advisory Committee is a Council-appointed committee, it is subject to Arizona's Opening Meeting Law. She explained that this means that agendas must be posted 24 hours in advance of the meeting, minutes must be taken, and the public must also be able to attend the meetings.

Ms. Sorrell advised that if the Committee does not have adopted bylaws, it would be necessary for a quorum, or 24 of the 47-member Committee, to be present in order to conduct a meeting. She stated that it is staff's recommendation that the Council adopt the bylaws for the Central Mesa Light Rail Stakeholder Advisory Committee, which recommend that a quorum be set at 15 members for the purpose of holding a meeting. Ms. Sorrell added that this would allow for reasonable assurance that the Committee would be able to meet on a monthly basis.

City Manager Christopher Brady clarified that the Committee is expected to meet no more than seven times and stated that different topics of interest would be presented at each meeting. He stated that although all 47 members are welcome to attend every meeting, it was staff's proposal that a quorum be set at 15 members in order to hold a meeting.

It was moved by Councilmember Kavanaugh, seconded by Councilmember Somers, that the Central Mesa Light Rail Stakeholder Advisory Forum Bylaws be adopted.

Vice Mayor Jones declared the motion carried unanimously by those present.

4. Appointments to boards and committees.

Mayor Smith recommended the following appointments to boards and committees:

BOARD OF ADJUSTMENT

Nicholas Labadie – Term Expires June 30, 2010

HISTORIC PRESERVATION COMMITTEE

Jeffrey Jarvis – Term Expires June 30, 2010

HUMAN RELATIONS ADVISORY BOARD

Stacy Dillon – Term Expires June 30, 2011

Hong Chartrand – Term Expires June 30, 2012

JUDICIAL ADVISORY BOARD

Garrett Smith – Term Expires June 30, 2012

PERSONNEL APPEALS BOARD

Jonatan Funtowicz – Term Expires June 30, 2012

PLANNING & ZONING BOARD

Lisa Hudson – Term Expires June 30, 2010

TRANSPORTATION ADVISORY BOARD

Brad Bensen – Term Expires June 30, 2011

It was moved by Councilmember Kavanaugh, seconded by Councilmember Somers, that the Council concur with the Mayor's recommendations and the appointments be confirmed.

Councilmember Somers commented that the Mayor's appointments do not include any District 6 residents. He urged the residents in his district who are interested in serving on a citizen board or committee to complete an application form and submit it to the Mayor's office or his office.

Mayor Smith commented that his Chief of Staff, Kathy Macdonald, coordinates the appointments to the boards and committees and stated that every effort is made to create boards that are diverse and reflective of the community. He noted, however, that the process is often difficult due to the limited number of applications that his office receives.

Mayor Smith called for the vote.

Carried unanimously.

Mayor Smith stated that it was necessary for him to leave the Study Session early in order to catch a flight to attend a U.S. Conference of Mayors meeting. He yielded the gavel to Vice Mayor Jones.

(Mayor Smith left the Study Session at 7:45 a.m.)

5. Acknowledge receipt of minutes of various boards and committees.

- a. Library Advisory Board meeting held April 21, 2009
- b. Design Review Board meeting held June 3, 2009
- c. Board of Adjustment meeting held July 14, 2009
- d. Transportation Advisory Board meeting held August 18, 2009
- e. Parks & Recreation Board meeting held July 8, 2009
- f. Human Relations Advisory Board meeting held August 26, 2009
- g. Public Safety Committee meeting held September 21, 2009
- h. Audit and Finance Committee meeting held September 24, 2009

It was moved by Councilmember Somers, seconded by Councilmember Kavanaugh, that receipt of the above-listed minutes be acknowledged.

Councilmember Richins stated that on Page 6 of the Transportation Advisory Board meeting minutes, there was a reference to "\$2 billion in district sales" in the downtown. He questioned if that was, in fact, an accurate figure.

Councilmember Somers suggested that the Transportation Advisory Board meeting minutes be removed from the agenda so that staff could research Councilmember Richins' inquiry.

Mr. Brady stated that he would look into the matter and get back to Councilmember Richins.

Vice Mayor Jones clarified that a motion and a second was made that receipt of the above-listed minutes (excluding the August 18, 2009 Transportation Advisory Board meeting minutes) be acknowledged, with the understanding that staff would research Councilmember Richins' inquiry.

Vice Mayor Jones called for the vote.

Vice Mayor Jones declared the motion carried unanimously by those present.

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

Councilmember Somers:	Press Conference to announce the receipt of \$9 million in Federal funds for the expansion of the Charles Williams Terminal at Phoenix-Mesa Gateway Airport
Councilmember Richins:	National League of Cities' Community and Economic Development Steering Committee meeting
Councilmember Kavanaugh:	National League of Cities' Information Technology and Communications Steering Committee meeting
Councilmember Higgins:	A.T. Still University Fundraiser; Banner Baywood Emergency Department Grand Opening

7. Scheduling of meetings and general information.

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

Saturday, October 3, 2009, 8:00 a.m. – District 6 Pancake Breakfast, Station 212

Saturday, October 3, 2009, 8:00 a.m. – Household Hazardous Waste Collection Event

Monday, October 5, 2009, 5:00 p.m. – Enterprise Zone Commission

Monday, October 5, 2009, 5:01 p.m. – Study Session

Monday, October 5, 2009, 5:45 p.m. – Regular Council Meeting

Saturday, October 10, 2009, 8:00 a.m. – District 1 Pancake Breakfast, Fire Station 211

Saturday, October 24, 2009, 5:00 p.m. – Annual G.A.I.N. (Getting Arizona Involved in Neighborhoods) Event

Saturday, October 31, 2009, 10:00 a.m. – City Hall at the Mall, Superstition Springs Mall

8. Items from citizens present.

There were no items from citizens present.

9. Adjournment.

Without objection, the Study Session adjourned at 8:19 a.m.

SCOTT SMITH, MAYOR

ATTEST:

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 1st day of October, 2009. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK

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(attachment – 1)