

COUNCIL MINUTES

October 4, 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 October 4, 2007 at 7:30 a.m.

COUNCIL PRESENT

Mayor Keno Hawker
Kyle Jones
Tom Rawles
Claudia Walters
Mike Whalen

COUNCIL ABSENT

Scott Somers

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Linda Crocker

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

Mayor Hawker excused Councilmember Somers from the entire meeting.

Councilmember Jones arrived at the meeting at 7:37 a.m.

1. Hear a presentation, discuss and provide direction on the proposed co-promotion special events process.

Commercial Facilities Director Rhett Evans stated that this item is in follow-up to a presentation he made at the September 20th Study Session.

Mr. Evans reported that in 2006, significant discussions occurred regarding a criteria-based evaluation to determine which promoter/event organizer would ultimately be awarded the Cinco de Mayo event, which is traditionally held at Pioneer Park. He explained that only one promoter pursued the event, which eliminated the need at that time for a competitive process. Mr. Evans stated that in January of 2007, the Parks and Recreation Division merged with the Commercial Facilities Division to form the Parks, Recreation and Commercial Facilities Department. He said that staff subsequently proposed to create co-promoter partnerships similar to those established for events at the Mesa Amphitheatre. He added that using the business model currently used at the Amphitheatre, staff and the Parks and Recreation Board recommended that the City secure a qualified private partner to co-promote the event with the City through a competitive bid process.

Mr. Evans reviewed the bid process as follows: 1.) Potential promoters would complete a Request for Proposal (RFP); 2.) A selection review panel consisting of staff and Parks and Recreation Boardmembers would review/score the proposals based on technical and financial

elements as deemed appropriate by the City's Purchasing Division; and 3.) The successful applicant would enter into a contract with the City for up to three years, with an option to renew for subsequent years.

Mr. Evans stated that staff is also seeking Council support to continue with the established process for all other special events previously produced by the City on a first-come, first-serve basis. He explained that there has been no competition for such community-based events (i.e., MLK Celebration, Turkey Trot, Mesa Pow Wow) and would not pose future issues for competing entities. Mr. Evans added that it is recommended that such events be grandfathered in and charged event-related costs, but not park rental fees. He indicated that the event organizers would be required through the City's special event process to ensure compliance and pay all direct expenses. He added that all new community-based events would pay standard park rental fees and go through the established special event process with the same compliance and payment requirements.

Mr. Evans referred to a document entitled "Special Event RFP Scoring" and highlighted the various technical and financial components of the process. (See Attachment 1.) He also referred to supplemental information provided to the Council consisting of a cost breakdown of straight rental costs versus co-promotion costs. (See Attachment 2.)

Mr. Evans introduced Parks & Recreation Management Support Administrator Sherry Woodley, who was prepared to respond to any questions the Council may have regarding this issue.

Councilmember Rawles briefly recounted, for the benefit of Mayor Hawker, that at the September 20th Study Session, he raised the concern that because the Cinco de Mayo celebration was a moneymaking venture, he did not want the City to be perceived as generating a profit from the event. He stated that he further questioned whether the City should participate in "the co-promotion business" as opposed to charging straight rental costs. Councilmember Rawles added that other Councilmembers argued that because Cinco de Mayo was "a closed event" similar to those held at the Mesa Amphitheater, that it should be treated as such and co-promoted.

Vice Mayor Walters suggested that with regard to a closed event, it might be appropriate for staff to include "a profit factor" in the straight rental costs total (as depicted on Attachment 2) so that the City could share a percentage of the gate revenues with the promoter.

Ms. Woodley responded that she did not believe the Parks and Recreation Board considered such an option, but would be willing to present the concept to the Board for its consideration.

Discussion ensued relative to the fact that the rental rate listed on Attachment 2 is based on the City's ramada and open space fees; and that move-in costs are calculated at 50% of the rental space.

An extensive discussion ensued among the Council relative to this item. The following includes, but is not limited to, a series of comments from the various Councilmembers:

Councilmember Rawles:

- Requested that staff provide the Council data relative to the past occupancy of the Pioneer Park ramadas and open space on Thursdays, Fridays and Mondays.

- Commented that he would prefer that the estimated straight rental costs (Attachment 2) do not assume that the park would have been fully rented on Thursday, Friday and Monday.
- Stated that the City may be in the business of operating the Mesa Amphitheater, but not running commercial operations in Mesa's parks.
- Expressed concern regarding the perception that the City is attempting to "capture revenue" from the Cinco de Mayo event.
- Would consider straight rental charges, if based upon legitimate costs, but would oppose an option that included any type of profit margin.
- Opposed the expansion of commercialization in municipal government.

Vice Mayor Walters:

- Stated that the citizens of Mesa should be compensated for their loss of access to a City park if it is rented to a commercial user for a particular event.

Councilmember Jones:

- Voiced concern with regard to the perception that the City is involved with an event such as Cinco de Mayo, which is specific to a particular culture.
- Would prefer that the City participate in Mesa Days, which is a Citywide event.
- Families should not be deprived the opportunity to bring their children to the park.
- Stated that he could support a co-promotion option, but preferred that it not become an issue of the City doing so in order to generate revenue.

Councilmember Whalen:

- Expressed concern that such events often result in excessive drinking, property damage and the potential for an individual to receive a DUI when leaving the venue.
- Noted that with the current mood of the community regarding immigration issues, he voiced concern that there could be the potential for a demonstration at the event.
- If the co-promotion is considered, it is essential that Police and Fire be involved in the process.

Mayor Hawker stated that he is uncomfortable allowing commercial events in City parks and facilitating the rental of such events by providing a promoter with Mesa's rental rate so that it can be compared with those of other commercial venues. He requested input from his fellow Councilmembers regarding whether it was appropriate for the City to fence off a park for commercial ventures. Mayor Hawker voiced opposition in doing so and said that he does not believe that "Mesa is in the park business."

Mr. Evans acknowledged Mayor Hawker's concerns and stated that last year was the first time that an admission fee was charged at the Cinco de Mayo celebration because it was no longer a community-based event, but a commercial event.

Councilmember Rawles concurred with Mayor Hawker's comments and said he would oppose fenced off, closed events in all City parks.

City Manager Christopher Brady stated that if a majority of the Council opposed City parks being used for commercial ventures, it would be necessary for staff to advise potential promoters preparing for such events of that fact.

Mayor Hawker stated the opinion that City parks should not be available for sale to commercial ventures.

Councilmember Jones commented that he would also oppose fencing off City parks for commercial ventures and would prefer that the facilities remain accessible to everyone. He stated that he could support, however, a specific area that is fenced off at the event to control the sale of liquor.

Vice Mayor Walters concurred with her fellow Councilmembers.

Councilmember Rawles clarified that a business renting a ramada at a City park for a party and not charging an entrance fee for the event would be a different scenario than what is being considered by the Council. He stated that the phrase "commercial enterprise" would suggest that the entity would be precluded from using a park when, in fact, that is not the case.

Mayor Hawker concurred with Councilmember Rawles' comments.

It was moved by Councilmember Rawles, seconded by Mayor Hawker, that the City not allow closed park commercial ventures at which fees are charged for entry to the event.

Mayor Hawker declared the motion carried unanimously by those present.

Additional discussion ensued relative to the fact that the State Liquor Department determines the size of a fenced "beer garden" at an event; that the Council would support the concept that a promoter could rent every ramada/open space in a park for an event if the entire area was not fenced off and the park remained accessible to the general public; that historically, the promoter generally requires a day to unload and set up various booths and carnival rides; and that through the special event process, the promoter would address the number of public safety personnel that would be needed at the event.

Councilmember Rawles expressed support for the straight rental cost option for the Cinco de Mayo event (as opposed to a co-promotion). He also stated that if there were competing promoters for the event, in his opinion, the criteria listed on the Special Event RFP Scoring document (Attachment 1), excluding the financial elements, would enable staff to rank such entities.

Mayor Hawker concurred with Councilmember Rawles' comments.

Vice Mayor Walters also concurred with Councilmember Rawles' recommendation. She added, however, that she would like to look more closely at the fully loaded rental costs.

Mr. Evans advised that he was just informed that the fencing at the most recent Cinco de Mayo event was used not only for the purpose of administering the ticketing, but also to ensure that no alcohol or weapons were brought into the park.

Vice Mayor Walters commented that perhaps the Cinco de Mayo event has outgrown Pioneer Park and suggested that staff encourage the promoter to consider Red Mountain Park as an alternative venue.

Councilmember Rawles made the suggestion that the Council direct staff to proceed with a straight rental option for the Cinco de Mayo event and that as the event planning progresses, the Council could address whether Pioneer Park is an appropriate venue and also the necessity of fencing.

It was moved by Councilmember Rawles, seconded by Mayor Hawker, that staff proceed with a straight rental option (no co-promotion) for the Cinco de Mayo event.

Vice Mayor Walters expressed support for the motion and recommended that the Council revisit this issue in one year.

Mayor Hawker called for the vote.

Mayor Hawker declared the motion carried unanimously by those present.

Councilmember Rawles further stated that whether an event was hosted by the City in the past or is a new event, he would prefer that everyone be charged a park rental fee.

Mayor Hawker stated that there was Council concurrence with regard to Councilmember Rawles' suggestion.

Mayor Hawker thanked staff for the presentation.

2. Hear a presentation and discuss the Electric Utility evaluation.

City Manager Christopher Brady stated that the intent of today's presentation is to update the Council with regard to the Electric Utility evaluation as staff continues their discussions with Salt River Project (SRP). He explained that at today's Executive Session, staff would provide the Council with more specific detail concerning the City's ongoing negotiations with SRP relative to this item.

Water Resources Coordinator Kathryn Sorensen displayed a PowerPoint presentation (A copy is available for review in the City Clerk's Office) and reported that in July of this year, the Finance Committee directed the City Manager to investigate whether Mesa should consider the sale of its Electric utility. She explained that since that time, Mr. Brady has met on several occasions with representatives of SRP in this regard.

Ms. Sorensen advised that with regard to the possible sale of the utility, various issues to consider include the impact on City employees, whether the sale is a sound economic decision, legal matters, and impacts on the City electric customers. She commented that as part of the evaluation, staff is undertaking an assessment of future capital needs and costs (an independent consultant has been hired to complete this task). She stated that additionally, staff must also complete an estimation of the utility's value to the City (based on Net Present Value of future revenues), an assessment of legal considerations, an analysis of impacts to electric customers, and an assessment of impacts to City employees.

Ms. Sorensen reported that staff has recently completed the proposed methodology for analysis and commented that there have been extensive meetings with internal staff and external staff to obtain input in this regard. She noted that by November, it is anticipated that the consultant would complete the capital needs assessment. Ms. Sorensen added that by the end of December, staff intends to complete the remainder of the analysis and make a presentation to the Council in January 2008.

Mayor Hawker thanked staff for the presentation.

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

Vice Mayor Walters: Mesa Fire Department's Annual Pancake Breakfast: GPEC Annual Dinner; ASU/Mesa Air Hangar Grand Opening.

Councilmember Jones: LEEDS Building Groundbreaking.

4. Scheduling of meetings and general information.

Mayor Hawker reported that an application process is currently underway to fill the District 5 Council seat vacated by the resignation of Councilmember Griswold who is running for Mayor in March 2008. He explained that the applications, which are available in the City Clerk's Office, would be accepted until 5:00 p.m. on October 10th. Mayor Hawker stated that the Council would review the list of names beginning on October 11th and indicated that interviews of the potential candidates would be held during the October 18th Study Session. He added that it is anticipated that the Council would vote on the appointment at the October 25th Study Session.

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

Thursday, October 11, 2007, 7:30 a.m. – Study Session

Thursday, October 11, 2007, 9:00 a.m. – Transportation and Infrastructure Committee Meeting

Monday, October 15, 2007, TBA – Study Session

Monday, October 15, 2007, 5:45 p.m. – Regular Council Meeting

Thursday, October 18, 2007, 7:30 a.m. – Study Session

Thursday, October 25, 2007, 7:30 a.m. – Study Session

Councilmember Jones announced that this Saturday, October 6th, Councilmember Somers would hold his annual District 6 Pancake Breakfast at Fire Station 212. He stated that on Saturday, October 13th, he would host his annual District 4 Pancake Breakfast at Fire Station 202.

5. Items from citizens present.

There were no items from citizens present.

6. Adjournment.

Without objection, the Study Session adjourned at 8:33 a.m.

KENO HAWKER, 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 4th day of October 2007. 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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(attachments – 2)