



COUNCIL MINUTES

November 18, 2013

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 November 18, 2013 at 5:04 p.m.

COUNCIL PRESENT

Scott Smith
Alex Finter
Christopher Glover
Dennis Kavanaugh
David Luna
Dave Richins
Scott Somers

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Dee Ann Mickelsen

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 November 18, 2013 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 removed from the consent agenda: None.

Items deleted from the agenda: 7-c.

Councilmember Somers requested additional information on Item 4-n. He stated that in September the Council discussed a market analysis on employee compensation for employees who have reached the top of their pay grade, and for senior managers whose salaries are below market level.

City Manager Christopher Brady stated that staff is in the process of reviewing salaries and comparisons with surrounding jurisdictions, and with businesses in the private sector to ensure the City is competitive. He commented that staff is utilizing data gathered from salary surveys conducted in the Town of Gilbert, and the cities of Scottsdale and Phoenix, and noted that management recognizes that some employees have reached the top of their pay range and are, therefore, not eligible for increases. He added that the top of the range represents the market

for those positions, but also suggests that the City needs to continue to evaluate those positions compared to other jurisdictions.

Councilmember Somers stated his support for moving forward with compensation studies.

Mr. Brady pointed out that health insurance premiums were not increased this year, and in addition, employees who have health insurance through the City will not be charged premiums in the month of December.

- 5-f. Approving and authorizing the City Manager to execute the Second Amendment to the Mesa Proving Grounds Pre-Annexation and Development Agreement with DMB Mesa Proving Grounds, LLC, to resolve City obligations related to impact fee credits and to extend performance dates for accelerated infrastructure projects related to the future hospitality and convention center developments. (District 6)

Director of Development and Sustainability Christine Zielonka introduced Economic Development Project Manager Scot Rigby, who was prepared to assist with the presentation.

Ms. Zielonka displayed a Power Point presentation (**See Attachment 1**), and outlined the Second Amendment to the Pre-Annexation and Development Agreement (PADA). She noted that the original PADA provided for development impact fee credits to DMB for certain improvements and to expend development impact fee credits for future improvements. She provided a summary of the City's obligations under the existing Development Agreement (See Page 3 of Attachment 1) and explained that impact fee credits for the payment of park and open space transfers from private development are no longer permitted under State law.

Mayor Smith pointed out that the new law has the effect of keeping people in a particular neighborhood from receiving the benefit of having impact fees pay for development in their neighborhood.

Ms. Zielonka noted the first amendment to the PADA pushed out some of the infrastructure requirements and established Fair Market Value (FMV) for any land that the City purchased. The figure provided in the original PADA has been changed to FMV, with no associated impact fee credits.

Ms. Zielonka provided a summary of the City's obligations under the proposed Second Amendment to the PADA, (See Page 4 of Attachment 1):

- Potable Water Well Site: 4 to 6 well sites purchased by City at FMV
- Eliminate Impact Fee Credits: State Statute Mandates (\$10 million estimated value)
- Economic Development Infrastructure in lieu of Impact Fees:
 - \$6.5 million street bonds infrastructure (non-residential)
 - \$3.0 million from possible future approved utility bond (non-residential)
- Elimination of \$570,970: credit owed to the City for purchase of right-of-way associated with First Solar development
- Library – Purchase of a library site and construction of library as need determined by City as a normal Capital Improvement Project

Ms. Zielonka displayed the Eastmark Community Plan (See Page 5 of Attachment 1), and highlighted the Development Units (DU). She remarked that as each DU plan is filed, the City Manager and Economic Development offices, along with the developer will evaluate the economic impact and decide where to spend the funds.

Mr. Rigby stated that the successful agreement with Apple was largely due to the City's investment in infrastructure and commented that if the City can use this opportunity to further the development of ancillary uses, this could help further economic development in this area.

Mayor Smith agreed that the proposed Second Amendment gives the City more flexibility towards creating economic development and in targeting projects that will result in a community benefit.

Mr. Brady added that the development impact fees would have been collected over a period of time and the associated improvements would have been proportionate over that period of time, whereas the opportunities will be realized sooner with the infrastructure funds.

2. Appointments to Boards and Committees.

2-a. Reappointments to the Mesa Redevelopment Authority Executive Board.

Tony Ham – Term Expires August 29, 2015

Virgil Renzulli – Term Expires August 29, 2016

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

Carried unanimously.

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

3-a. Judicial Advisory Board meeting held September 23, 2013.

3-b. Independent Commission on Compensation for Elected Officials meeting held November 8, 2012.

3-c. Economic Development Advisory Board meeting held October 1, 2013.

3-d. Parks and Recreation Advisory Board meeting held September 11, 2013.

It was moved by Councilmember Glover, seconded by Vice Mayor Finter, that receipt of the above-listed minutes be acknowledged.

Carried unanimously.

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

Councilmember Kavanaugh: East Valley Institute of Technology Toy Drive for Cardon Children's Medical Center

Councilmember Somers: National League of Cities Conference – Seattle

Councilmember Somers reported on the work his National League of Cities (NLC) committee on Public Safety and Crime Prevention undertook in regards to the Federal Emergency Management Agency (FEMA) increases in flood insurance rates, and a request for a delay in order to complete new FEMA flood maps.

Councilmember Somers recognized Weather Masters, Inc. for providing a free heating and air conditioning system to a deserving Mesa family who lives in District 6.

5. Scheduling of meetings and general information.

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

Tuesday, November 19, 2013, 6:30 p.m. - Building Strong Neighborhoods, District 4

Thursday, November 21, 2013, 7:30 a.m. - Study Session

6. Adjournment.

Without objection, the Study Session adjourned at 5:31 p.m.

SCOTT SMITH, MAYOR

ATTEST:

DEE ANN MICKELSEN, 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 18th day of November, 2013. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

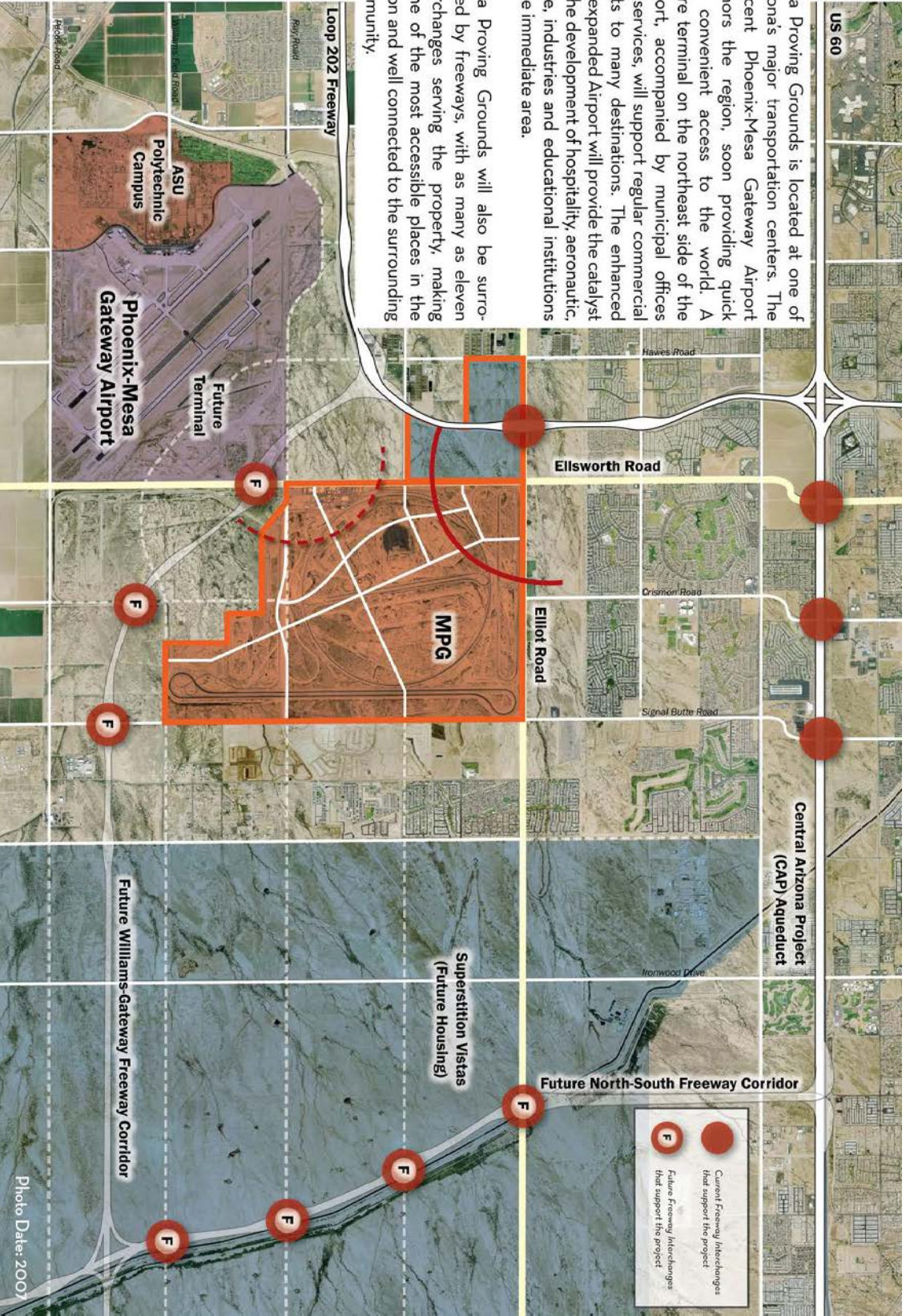
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(Attachment – 1)

Mesa Proving Grounds - 2nd Amendment to Development Agreement

City Council Study Session
11/18/2013

Mesa Proving Grounds is located at one of Arizona's major transportation centers. The adjacent Phoenix-Mesa Gateway Airport anchors the region, soon providing quick and convenient access to the world. A future terminal on the northeast side of the Airport, accompanied by municipal offices and services, will support regular commercial flights to many destinations. The enhanced and expanded Airport will provide the catalyst for the development of hospitality, aeronautic, office, industries and educational institutions in the immediate area.

Mesa Proving Grounds will also be surrounded by freeways, with as many as eleven interchanges serving the property, making it one of the most accessible places in the region and well connected to the surrounding community.



Background

- Summary of City obligations under existing development agreement
- **Potable Water Well Sites** – Water impact fee credits to purchase of 4-6 well sites at fair market value
- **Great Park** – Park impact fee credits for conveyance to City of 90 acres of Great Park (~\$10 million)
- **Library** – Previously collected and future Library impact fees for conveyance of library site and costs to design and construct 35,000 sq. ft. library

Discussion

- Summary of City obligations under proposed 2nd Amendment to development agreement
- **Potable Water Well Sites** –4-6 well sites at fair market value
- **Eliminate Impact Fee Credits:** State Statute Mandates (~\$10million estimated value)
- **Economic Dev. Infrastructure in lieu of Impact Fees:**
 - \$6.5 million street bonds infrastructure (non-residential)
 - \$3.0 million from possible future approved utility bond (non-residential)
- **Elimination of \$570,970:** credit owed City for purchase of right-of-way associated with First Solar development
- **Library:** Purchase of library site and construction of library as need determined by City

