

COUNCIL MINUTES

August 10, 2006

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 August 10, 2006 at 7:30 a.m.

COUNCIL PRESENT

Mayor Keno Hawker
Rex Griswold
Kyle Jones
Tom Rawles
Scott Somers
Claudia Walters
Mike Whalen

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Barbara Jones

1. Review items on the agenda for the August 14, 2006 Regular Council meeting.

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

Conflicts of interest declared: 7k, 7m, 7n and 7o (Hawker); 9l and 9m (Griswold)

Items removed from the consent agenda: 9b and 9v

Items deleted from the agenda: None

2. Hear a presentation, discuss and provide direction to staff regarding the new Court building, including the following:

a. Update of the project

City Engineer Keith Nath addressed the Council relative to this agenda item and introduced Presiding City Magistrate Matt Tafoya, Rick Merritt, Senior Vice President for Elliott D. Pollack & Company, and Dick Shiffer, a principal with RNL Architects.

Mr. Nath displayed a PowerPoint presentation and provided an extensive historical chronology of this issue. (The complete PowerPoint presentation is available for review in the City Clerk's Office.) His comments included, but were not limited to, the following: that funding for the construction of a new Court building was placed on the March 2004 City bond election and approved by Mesa voters; that in May 2005, a funding plan outlining the repayment of the Court building project and the New Technical Services building was presented and approved

by the Council; that staff proceeded with the design of the Technical Services building, followed by the design of the Court building; that the possible locations for the Court building are Site A, situated at the northwest corner of 1st Avenue and Pomeroy, and Site B, located at the southeast corner of Hibbert and Main Street; that staff worked with two consultants, Elliott D. Pollock & Company (who performed an Economic Analysis of the sites) and RNL/KMD Architects (who performed a Site Evaluation of both locations); and that with the completion of the programming phase of the project, the next step is the schematic design, which forms the footprint of the building and the site plan.

b. Location of the building

Mr. Nath referred to the PowerPoint presentation and offered a brief overview of Site A and Site B. He stated that in June of this year, upon completion of the Economic Analysis, the consultants at Elliott D. Pollack & Company recommended that the new Court building be located on Site A for the following reasons:

- Site B is one of the prime sites for future development in the downtown area.
- If the Court building is located on Site B, it would result in significant underutilization of the property.
- There is no particular evidence that the Court building would provide significant economic or fiscal impacts to downtown Mesa.

Mr. Nath further noted that pending completion of the Architectural Site Evaluation, RNL/KMD Architects recommended that Site B would be the most appropriate location for the Court building. The consultants cited the following reasons for their opinion:

- Site B would permit the Court to have a more appropriate civic presence and image within the downtown area.
- The adjoining land uses appear to be more conducive to civic building/courthouses on Site B simply due to the type of surroundings in the area.

Magistrate Tafoya commented that throughout this country's history, the presence of a Court building has traditionally been located at "the core of the community" and is "a symbol of justice for all people." He expressed his preference for Site B and urged the Council's support for this location.

Mayor Hawker noted that when the City entered into a land trade with the Mesa United Way, it was his understanding that the City would have the ability to house staff at the Tri-City Building. He said that he has since learned that because the facility is not up to City standards, it would be necessary to demolish the structure. Mayor Hawker requested input from staff regarding the status of the Tri-City Building.

Mr. Nath clarified that when the City acquired the Tri-City Building, its intended use was for City offices. He advised that subsequent to an evaluation of the structure, staff determined that there were significant mechanical, electrical and environmental challenges that would need to be addressed in order to bring the building into compliance. He stated that to his recollection, it would cost approximately \$4 million to renovate the building. Mr. Nath explained that the development of the proposed sites would entail significant cost, with Site A requiring the construction of a retaining wall next to the Pomeroy parking garage, and Site B requiring the demolition of the Tri-City Building, at an estimated cost of \$815,000.

Discussion ensued relative to the fact that Site A or Site B would accommodate a 10-courtroom building, including the City Prosecutor's Office, and have the capacity to expand up to 12 or 14 courtrooms; that the Pomeroy parking garage has 809 spaces, of which 490 would be utilized by Court personnel and public parking (12 to 14 courtroom configuration), and 232 are encumbered, which would leave approximately 87 unencumbered spaces for either site.

Mayor Hawker commented that he finds it ironic that one of the items on the August 14th Regular Council meeting agenda is for the sale of property next to Pete's Fish and Chips. He stated if there is a need for additional parking, the City may not want to dispose of the land at this time.

In response to a question from Mayor Hawker, Senior Town Center Development Specialist Patrick Murphy advised that he would research the term of the leases for the encumbered spaces at the Pomeroy parking garage.

Councilmember Rawles acknowledged Magistrate Tafoya's comments relative to courthouses historically being located in the center of a community in rural America. He stated, however, that he could not think of a single large city in the country in which the courthouse is a prominent feature. Councilmember Rawles noted that he would prefer that the City not continue to "drive the image" of the downtown area and suggested that it is time for the private sector to "step up" and assume that responsibility. He expressed support for Site A and said that location would not be detrimental to the theme and symbol of a courthouse as described by Magistrate Tafoya.

Councilmember Whalen said that in an effort to move this process forward, he would be willing to support Site A. He also stressed the importance of staff exploring various parking options, including using the Pomeroy garage not only for the Court building, but also for the marketing of Site B. Councilmember Whalen urged that secured parking be made available to Court personnel, the judges and prosecutors at the Pomeroy garage and also questioned whether it would be appropriate for the City Prosecutor's Office to be housed in a separate building next to the Court building.

Further discussion ensued relative to the fact that although a separate building could be constructed for the City Prosecutor's Office, staff's analysis indicates that a 12-courtroom scenario would support space for Court personnel and the City Prosecutor's Office until 2020; that the consultants conducted an analysis regarding a future transit hub (light rail or high capacity transit) on the north side of Main Street; that from a public accessibility standpoint, the hub would enhance either site, but would not be an overriding factor in the site evaluation process; and a scenario regarding the proposed secured parking for Court staff, the judges and prosecutors.

Councilmember Somers expressed support for Site A as the location for the Court building because of the "sunk costs" (the cost of the land) to the City and the potential for economic development projects, via the private sector, at Site B.

Councilmember Griswold advised that he would be agreeable with either site and said he would concur with the decision of the majority of the Council.

Mayor Hawker expressed his preference for Site B. He noted that there are many areas for redevelopment in the downtown and said that the Main Street corridor has made a “good start” in that regard. He voiced his disappointment that the City cannot rehab and retrofit the Tri-City Building and said that if that were the case, then it would be better to clear the site and build the Court building there. Mayor Hawker added that Site A, in his opinion, would be an ideal location for law offices or a condominium project. He also requested that staff conduct further economic analysis regarding the cost to demolish the Tri-City Building.

Councilmember Jones expressed support for Site A and advised that he does not want to delay the construction of the Court building any further. He also commented that Site B would be a more desirable location for private sector development.

Vice Mayor Walters noted that she feels as though she has received “contradictory information” regarding parking availability for the new Court building. She explained that in recent months, staff has recommended the sale of various City properties in close proximity to the proposed sites and indicated that the land would not be needed to provide additional parking for the Court building. Vice Mayor Walters noted, however, that some of the comments made today seem to indicate there may be insufficient parking to accommodate visitors to Site A or Site B. She also questioned whether the parking needs discussed today refer to build-out as opposed to when the Court building would first open.

In response to Vice Mayor Walters’ inquiry, Mr. Shiffer clarified that at the present time, the consultants and staff are considering either a 10-courtroom (84,000 square feet) or a 12-courtroom (104,000 square feet) scenario, which would result in an immediate need for 350 to 400 parking spaces.

Vice Mayor Walters further commented that in her opinion, a Court facility is a “destination business,” which does not necessarily require a high visibility location like other businesses. She acknowledged the presence of courthouses being prominently located in town centers throughout rural America, but said that she would prefer Site A for the Court building in the City of Mesa. Vice Mayor Walters requested that staff conduct further research regarding the parking needs for the Court building and also whether the recommended properties for sale should be retained to provide additional parking.

Councilmember Whalen questioned whether it would be possible for the basement level of the Pomeroy parking garage to be dedicated for the judges, prosecutors and court staff (200 spaces), that the 200 pre-leased spaces be held for future development at Site B and the remainder utilized by visitors to the Court building. He also commented that visitors to Phoenix’s downtown governmental offices are required to pay for parking and suggested that Mesa may wish to consider a similar mechanism in order to provide a funding stream for the future construction of its downtown facilities.

Councilmember Griswold concurred with Mayor Hawker’s concerns regarding the sale of City property next to Pete’s Fish and Chips. He suggested that unless staff has already entered into a contract, he would prefer that the sale be delayed for 30 days in order for staff to more thoroughly assess parking availability in the downtown area.

Mayor Hawker commented that a majority of the Council supports Site A as the preferred location for the new Court building.

Additional discussion ensued relative to the fact that if Site A were selected as the preferred location for the Court building, staff would begin to market Site B for sale and would bring back a proposal for Council consideration.

Mayor Hawker commented that in reading the consultants' reports, the issue of the City offering incentives to potential developers of Site B, in the form of reduced or subsidized parking rates at the Pomeroy parking garage, was addressed. He said that he is not interested in the City subsidizing one developer with regard to a City parcel over another entity and added that Mesa would be competing against private market sectors by offering a subsidized parking garage.

City Manager Christopher Brady explained that his past experience in working with downtown development and parking garages is that most developers are willing to pay a rental fee for spaces, but do not want to obtain a construction loan, for example, to build a parking garage. He assured the Council that the City would be in a strong position to negotiate a good rate with a developer because the parking garage is already built and said from a redevelopment standpoint, it is important for a commercial office space, for example, to have access to such a facility.

Councilmember Rawles expressed concern that the Council has "informally negotiated away" a condition of the sale of the Site B property and said that he is not willing for the City to "throw in" the estimated \$815,000 Tri-City Building demolition cost.

Vice Mayor Walters concurred with Councilmember Rawles' comments and added that the Council is not necessarily telling a developer that it would be required to demolish the Tri-City Building and that it is a worthless structure. She added that it is common knowledge that the City leases parking spaces to business owners in the downtown area and said that from her perspective, it is not "a given" that the City would "give away" parking spaces as an incentive to a potential developer of Site B.

Mr. Nath reported that based upon an evaluation of a Statement of Qualifications review process, staff is recommending that the City enter into a Construction Manager at Risk (CMAR) design phase services contract with Sundt Construction, Inc. He explained that this item has been included on the August 14, 2006 Regular Council meeting agenda for approval and requested input from the Council in this regard.

In response to a question from Mayor Hawker, Mr. Nath advised that the City's experience in working with Sundt (using the CMAR project delivery method) has been excellent.

Mayor Hawker suggested that staff conduct further research regarding the issue of parking availability and stated that there may be adequate parking in the area without delaying the sale of the property adjacent to Pete's Fish and Chips.

c. Project Budget and Scope.

Mr. Nath offered a brief overview of the new Court building program and budget and project schedule. (See Attachments 1 and 2.)

Court Administrator Paul Thomas provided an extensive overview of his and Financial Services Manager Bryan Raines' efforts to address the Court's budget constraints and also to

generate additional funds for the new Court building project. He reported that significant reductions implemented for the Court's FY 2006/07 budget included, but were not limited to: the reduction of 34 positions; the elimination of secure elevators for prisoners; a reduced defendant holding area; the deletion of a law library and equipment storage areas; decreased space for technology areas; and deleted office space for intake and probation services. Mr. Thomas advised that the City's Prosecutor's Office also took similar steps to make reductions in its area.

Mr. Thomas noted that the above-referenced reductions resulted in the Court only being able to afford a 10-courtroom facility and said that staff questioned the viability of "under building." He said that the Court currently imposes a \$15 Court construction fee and commented that in an effort to generate additional funding, staff has proposed to add \$12.50 to the fee, for a total of \$27.50 (Note: this charge would be increased by \$3 every three years in order for the City to meet its debt service payment). Mr. Thomas added that based on a conservative caseload projection upon which the fee would be assessed, the revenues would service debt on approximately \$770,000 per year, allowing the City to borrow an additional \$9.2 million to support the project. He added that total payback over 20 years would be \$15.4 million, which would be rolled into the current debt plans for the entire building.

Mayor Hawker expressed support for a concept in which the individuals who use the Court building would pay for it through construction fees. He cautioned, however, that he would not want Mesa's fees to be out of proportion with those of other jurisdictions.

In response to Mayor Hawker's comment, Mr. Thomas explained that if the Council were inclined to support staff's proposal, when the Court's caseload exceeds what has been projected, he would "roll back" the fee.

An extensive discussion ensued relative to the consultants' needs assessment to determine the configuration of the Court building with 10, 12 and 14 courtrooms.

Councilmember Rawles requested that staff provide the Council with additional information regarding the Court's future needs and questioned whether the full number of courtrooms would be necessary. He also said that although he agrees with the concept of a fee being imposed for services that are not core functions of government (i.e., art centers and art classes), he is not convinced that it has a place in the funding, for example, of courthouses.

In response to a question from Mayor Hawker, Mr. Nath clarified that if the Council directed staff to proceed with the current budget (\$33,600,000), staff would design the Court building with 10 courtrooms, but include plans for future expansion.

Vice Mayor Walters said that she is more concerned about the ancillary court functions as described by Mr. Thomas that have been eliminated and should be incorporated back into the new Court building as opposed to the number of courtrooms. She also commented that she does not object to the Court imposing user fees; noted that the proposed escalating fee appears too high; and questioned why the Court does not increase the fee for parking tickets.

Further discussion ensued relative to the funding prioritization for fees and charges imposed by the Court.

(Vice Mayor Walters was excused from the meeting at 9:19 a.m.)

Mayor Hawker requested that staff provide the Council with additional information at the August 14, 2006 Study Session regarding the layout of the Court building, potential fees, and an analysis of Mesa's population in relation to the number of courtrooms that would be needed. He also stated that it appears as though the Council would like to proceed with 10 courtrooms, but would also like to consider other available options.

Councilmember Whalen also requested that staff research whether the City has additional Quality of Life monies available so that the Court's fees would not have to be increased so significantly.

Councilmember Rawles asked staff to provide the Council with a financial analysis of the following scenarios: 1.) 10 courtrooms; 2.) 10 courtrooms, in addition to reinstating the currently eliminated services outlined by Mr. Thomas; 3.) 12 courtrooms; and 4.) 14 courtrooms.

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

a. Finance Committee meeting held on July 17, 2006.

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

Upon tabulation of votes, it showed:

AYES – Hawker-Griswold-Jones-Rawles-Somers-Whalen
ABSENT – Walters

Mayor Hawker declared the motion carried unanimously by those present.

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

Mayor Hawker: Boeing celebration marking the production of the 501st helicopter.

5. Scheduling of meetings and general information.

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

Thursday, August 10, 2006, 3:30 p.m. – Finance Committee

Thursday, August 10, 2006, 5:00 p.m. – Open House for Police Chief George Gascon

Monday, August 14, 2006, TBA – Study Session

Monday, August 14, 2006, 5:45 p.m. – Regular Council Meeting

Thursday, August 17, 2006, 7:30 a.m. – Study Session

Thursday, August 24, 2006, 7:30 a.m. – Study Session (CANCELLED)

Monday, August 28, 2006, TBA – Study Session

Monday, August 28, 2006, 5:45 p.m. – Regular Council Meeting

Thursday, August 31, 2006, 7:30 a.m. – Study Session

Tuesday, September 5, 2006, TBA – Study Session

Tuesday, September 5, 2006, 5:45 p.m. – Regular Council Meeting

Mr. Brady reported that at the July 12th Regular Council meeting, staff sought Council approval with regard to agenda item 8b, which asked the Federal Aviation Administration (FAA) to change the designation of land around Falcon Field Airport from aeronautical to non-aeronautical use (Note: the item was on the consent agenda.). He explained that as part of the process, staff notified residents adjacent to those properties of the potential change and learned subsequent to the Council meeting that not all of the residents were notified.

Mr. Brady commented that in an effort to remedy the situation, staff asked the FAA to postpone making a determination until such time as staff has an opportunity to meet with the residents and solicit their input, work with the neighborhood regarding buffering options, and the residents have an opportunity to address the Council in this regard. He added that once those steps have been completed, staff would make a decision as to whether the City would ask the FAA to move forward with the designation or bring back to the Council a reconsideration to withdraw the application.

6. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

7. Items from citizens present.

There were no items from citizens present.

8. Adjournment.

Without objection, the Study Session adjourned at 9:29 a.m.

KENO HAWKER, MAYOR

ATTEST:

BARBARA JONES, 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 10th day of August 2006. 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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attachments (2)