

COUNCIL MINUTES

April 3, 2003

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 April 3, 2003 at 7:40 a.m.

COUNCIL PRESENT

Mayor Keno Hawker
Rex Griswold
Kyle Jones
Dennis Kavanaugh
Janie Thom
Claudia Walters
Mike Whalen

COUNCIL ABSENT

None

STAFF PRESENT

Mike Hutchinson
Debbie Spinner
Barbara Jones

1. Review items on the agenda for the April 7, 2003 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff with no formal action taken. There was specific discussion relative to the following items:

Conflicts of interest were declared: 5i (Griswold); 5j (Hawker); 7a and 10a (Whalen).

Items removed from the consent agenda: 7k, 8c, 9a, and 9b.

2. Hear a report and discuss future direction of the Mesa Centennial Center.

City Manager Mike Hutchinson reported that in August 2000, Pricewaterhouse Coopers completed a study on the Mesa Centennial Center to issue recommendations with regard to the most appropriate use and management of the facility. He explained that in September 2000, the consultant's findings were presented to the Council and that the study was subsequently referred to the General Development Committee (GDC) for further review and recommendations. He advised that at the October 16, 2000 GDC meeting, the members of the Committee determined that there were specific recommendations that could be addressed in the short term and that other recommendations would take longer to review, consider and implement.

Mr. Hutchinson stated that the Mesa Centennial Center Partners Task Force, comprised of individuals from the public and private sector, was formed to address the issues raised in the study, and that after 18 months, the committee completed its analysis and recommendations. He noted that during the City's negotiations with the Tourism and Sports Authority relative to Mesa becoming a host city for a Multipurpose Facility, the Task Force delayed the presentation

of its report to the Council pending the outcome of the stadium issue. He added that during the interim, the Mesa Centennial Center staff made a number of changes to the facility.

Mesa Centennial Center Director Rhett Evans, Robert Brinton, Executive Director of the Mesa Convention and Visitors Bureau, Kathy Spangenberg, General Manager of the Sheraton Phoenix East Hotel, and Tom Verploegen, Executive Director of the Mesa Town Center Corporation, addressed the Council relative to this agenda item.

Mr. Evans displayed graphics in the Council Chambers and provided a brief historical overview of the Mesa Centennial Center's financial history over the past five years, including operating expenses, income and subsidies.

In response to a question from Mayor Hawker, Mr. Evans clarified that the Mesa Centennial Center complex consists of the Amphitheater, the Rendezvous Center, the Conference Center and Centennial Hall.

Mr. Verploegen discussed community facilities and the Mesa Centennial Center's return on investment and value. He commented that in looking at City facilities, one needs to examine the internal governmental rate of return (i.e. what fees or taxes are being recaptured); the economic impact reverting back into Mesa from the community rate of return, and intangible values such as quality of life factors and image identity.

Ms. Spangenberg reported that the City of Mesa's bed tax revenues have progressively decreased from \$1.5 million in 1999 to approximately \$1.2 million at the current time. She added that the bed tax reduction also impacts retail and restaurant establishments located in close proximity to the Mesa Centennial Center.

Mr. Brinton explained that Centennial Hall, which has not been remodeled in 25 years, is in dire need of updating and renovation. He stated that of particular concern is the fact that the facility does not contain fire sprinklers or other fire suppression equipment and that it is not ADA (Americans With Disabilities Act) compliant. Mr. Brinton noted the ongoing construction of the Mesa Arts Center and a variety of proposed development/redevelopment projects in the downtown area and questioned why the Mesa Centennial Center was not included in the Mesa Town Center Concept Plan or the Mesa 2025 General Plan. He added that although the Mesa Centennial Center currently lacks a clear purpose and identity, it has the potential to play a major role in bringing business into the downtown area.

Discussion ensued relative to the fact that the estimated cost to renovate/upgrade the existing 70,000 square foot facility, as well as construct a 130,000 square foot addition, is \$53 million; that over 350 convention centers are currently under construction nationwide, at a cost of approximately \$257/square foot; that the post office located on Center and 1st Streets has a long-term lease; that a previous Council elected to retain the original Mesa Arts Center as an historic building; that the Mesa Centennial Center and Convention Center host approximately 10 to 12 large-scale conventions per year, and the projected level of operation of the facility based on expansion and renovation.

Mayor Hawker expressed appreciation to everyone for the presentation and update. He stated that it is somewhat difficult to determine what role the Mesa Centennial Center should play regarding downtown revitalization without the development of a master plan for the entire area

surrounding the facility. Mayor Hawker also suggested that it might be appropriate to seek voter approval through a City bond election with a specific line item related to the costs associated with the renovation/expansion of the Mesa Centennial Center.

Councilmember Griswold commended the members of the Task Force for their comprehensive analysis of the Mesa Centennial Center. He stated that in these hard economics times, the Council is faced with the difficult challenge of prioritizing the needs of the City, including determining the most cost effective solution regarding the Mesa Centennial Center.

Further discussion ensued relative to the fact that a convention center creates an "epicenter" whereby hotels, restaurants and retail establishments in close proximity to the facility benefit more than similar establishments located farther away.

Councilmember Walters concurred with Mayor Hawker's suggestion that the City seek voter approval via a bond election for the funding of significant renovations/additions to the Mesa Centennial Center. She also questioned whether the renovations could occur in a staged implementation, followed by the construction of an addition to the facility, or whether it would be too cost prohibitive to proceed in this manner.

In response to Councilmember Walters' concerns, Mr. Brinton clarified that it is essential that the Mesa Centennial Center remain a safe and viable facility. He suggested that the City could proceed with renovations that are needed in the short-term to allow the Center to function effectively as a community center, and at the same time, develop plans to include the placement of a question regarding the expansion of the Center on the ballot of a future bond election, thereby transitioning the facility to a convention center.

Councilmember Thom stated the opinion that the Mesa Centennial Center represents an enormous asset to the City of Mesa. She stated that Centennial Hall, in particular, is a beautiful facility and that the onsite street level parking is an especially attractive feature. She added that permitting individuals to provide their own food and/or catering services for functions would be more "business friendly" than requiring everyone to utilize the facility's caterer.

Councilmember Whalen voiced concerns relative to rumors he has heard that the Sheraton hotel chain may remove its name recognition from the adjacent hotel due to deteriorating conditions in the downtown area. He commented that it is important to create synergy in the Town Center area and that the development of a master plan would identify opportunities for public/private sector collaborations. Councilmember Whalen also suggested that a future Study Session be devoted to further addressing this matter.

Vice Mayor Kavanaugh thanked the members of the Task Force for their efforts and hard work relative to this item. He commented that in comparison to other cities that have conference centers, Mesa has shown a favorable 61% cost recovery on the Centennial Center. Vice Mayor Kavanaugh also acknowledged that the Mesa Centennial Center has been somewhat neglected and is in need of renovations, but noted that a dialogue must continue among the members of the Council relative to what is in the best long-term financial interest of the community.

Mr. Hutchinson recommended that staff either bring this issue back to the full Council for further discussion after the completion of the budget review process or assign the matter to one of the Council Committees for further review.

Councilmember Walters stated that she would prefer that the full Council participate in the discussion as opposed to just the members of a Council Committee. She also commented that it is important to notify Mesa residents of the fact that the Council will be considering this issue.

Mayor Hawker advised that it is the consensus of the Council that the matter be brought back to the full Council subsequent to the completion of the budget review process.

3. Acknowledge receipt of minutes of boards and committees.

- a. Downtown Development Committee meeting held February 20, 2003
- b. Historic Preservation Committee meeting held February 13, 2003
- c. Human Relations Advisory Board meetings held January 22 and February 26, 2003
- d. Judicial Advisory Board meeting held March 5, 2003

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

Carried unanimously.

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

The following members of the Council provided brief updates on various meetings/conferences they attended as follows:

Vice Mayor Kavanaugh
Mayor Hawker

Human Relations Advisory Board Meeting.
Joint Meeting with the Salt River Pima-Maricopa
Indian Community.

Councilmember Walters
Councilmember Griswold

Domestic Violence Committee Meeting.
ADOT Neighborhood Meeting for the extension of
the Red Mountain Freeway between Higley and
Power Roads.

Councilmember Thom

Williams Gateway Airport Board Meeting.

5. Scheduling of meetings and general information.

City Manager Mike Hutchinson stated that the meeting schedule is as follows:

Monday, April 7, 2003, 3:00 p.m. – Finance Committee Meeting

Monday, April 7, 2003, TBA – Study Session

Monday, April 7, 2003, 5:45 p.m. – Regular Council Meeting

Thursday, April 10, 2003, 7:30 a.m. – Study Session

Thursday, April 10, 2003, 9:30 a.m. – Finance Committee Meeting

Thursday, April 17, 2003, 7:30 a.m. – Study Session

Monday, April 21, 2003, 3:00 p.m. – Finance Committee Meeting

Monday, April 21, 2003, TBA – Study Session

Monday, April 21, 2003, 5:45 p.m. – Regular Council Meeting

Monday, May 5, 2003, 7:30 a.m. – Budget Review Session

Tuesday, May 6, 2003, 7:30 a.m. – Budget Review Session

Thursday, May 8, 2003, 7:30 a.m. – Budget Review Session

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 9:37 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 3rd day of April 2003. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK