

# COUNCIL MINUTES

October 10, 2002

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 10, 2002 at 7:30 a.m.

## COUNCIL PRESENT

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

## COUNCIL ABSENT

None

## STAFF PRESENT

Mike Hutchinson  
Debbie Spinner  
Barbara Jones

1. Hear a presentation from Hunter Interests regarding the analysis of various Town Center Redevelopment sites.

Redevelopment Director Greg Marek addressed the Council relative to this agenda item. He reported that in January 2002, the City retained the services of the consulting firm of Hunter Interests, Inc. (HII) to conduct a study which would focus on preparing financially feasible development concepts for five key sites in the Town Center Redevelopment Area. Mr. Marek commented that the financial analyses will be invaluable tools for the Redevelopment staff when soliciting proposals from developers relative to downtown projects.

Don Hunter, President of HII, provided a brief overview of the scope of work performed by HII including initial research, interviews with stakeholders, analysis of the five sites, demographic projections and market analysis, parking evaluation, conceptual building programs for each site, capital cost estimates, financial feasibility, site plans and renderings, and physical development recommendations.

Ernie Bleinberger, Project Manager for HII, displayed graphics in the Council Chambers and provided a brief overview of the five key sites in the Town Center Redevelopment area. (See Attachments 1 and 2)

Mr. Bleinberger reported that Site A, (the southwest corner of Main Street and Mesa Drive) will serve as an eastern gateway corridor to the downtown area. He explained that the recommendations for the Site A building program would consist of Area 1, a 276,000 square foot Class A office building; Area 2, a 120-unit high-rise apartment building, and Area 3, a 30,000 square foot mixed use project. Mr. Bleinberger advised that it is possible that the existing Pomeroy garage could be expanded to provide additional parking for both the office and

residential developments. He added that it is also the recommendation of HII that the surface parking lot on 1<sup>st</sup> Avenue be retained as a parking reservoir for the present time. He noted that the area could also be built out in the future or, alternatively, modified into a parking garage if it is determined that additional decks on the Pomeroy garage are not feasible. Mr. Bleinberger further commented that the conceptual building program would also include a covered and secure passageway for the apartment residents and office complex tenants to enter/exit the parking garage. He said that the historic Southside Hospital has been retained in the proposal and could be adapted for reuse as a meeting facility or restaurant that would be compatible with the proposed projects.

In response to a question from Mayor Hawker, Mr. Marek clarified that the Southside Hospital has been identified in historic surveys as a historic property, and that the Historic Preservation Committee is currently reviewing a request to determine the feasibility of retaining the structure to be incorporated into the proposed design concepts.

Mr. Bleinberger commented that the recommendations for Site B (southwest corner of University Drive and Mesa Drive) include a combination of mixed-use elements which will offer significant development opportunities; fulfill an array of downtown revitalization goals and objectives, and complement the surrounding historic neighborhoods. He explained that the recommendations for the Site B building program include: Area 1, 72 garage townhouses and 400 garden apartments with a variety of amenities; Area 2, 50,000 square feet of professional office space and 30,000 square feet of retail space set in a village center format, and Area 3, 200,000 square feet of various mixed-use alternatives such as a combination of live/work space, executive suites, a telecommuting center, and a health club/spa.

Mr. Bleinberger further stated that the recommendations for the Site C conceptual building program are based on the completion of the Mesa Arts Center and would complement the Center in function and design compatibility. He noted that HII proposes the development of a 30,000 square foot two-story restaurant/entertainment/retail pavilion that would be functionally integrated with the Arts Center. Mr. Bleinberger added that at the present time, it is unclear whether redevelopment of the existing building is feasible or if new construction would be necessary. He stressed the fact that although there are tenants who currently occupy the existing building, HII is not proposing that tenants be required to relocate and that the building be demolished.

Mr. Bleinberger commented that with regard to Site D (northeast corner of Macdonald and Main Street), HII has been assisting the City in the RFP/RFQ process, and there are currently four proposals being reviewed by City staff which have been submitted by the development community.

Mr. Bleinberger reported that relative to Site E, HII has determined that the area is not feasible for redevelopment due to the size of the various parcels, the site's orientation to existing buildings and current ownership patterns. He added that an 800-space parking structure within the Site E cluster has been incorporated into the building program and that first floor street frontage retail would be integrated into the development of the facility.

Mr. Bleinberger stressed to the Council that an important element of HII's overall development strategy for the five key sites is the fact that public funds which have been invested into downtown Mesa can leverage substantial private sector development and also infuse a

significant amount of private capital into the area. He added that a recently published article in a local newspaper erroneously reported that HII's development strategy requires an additional \$30 million in public funds in order for the proposed development projects to come to fruition, when, in reality, such an investment has already been made by the City. Mr. Bleinberger emphasized that the development strategy entails little, if any, additional public monies to be expended by the City, and that it is anticipated that the private investment in the Town Center area could reach anywhere between \$130 million to \$140 million.

Discussion ensued relative to current business recruitment procedures performed by the Office of Economic Development, the Office of Redevelopment, and the Mesa Town Center Corporation; recommendations by HII for enhanced business alliances, and recommendations for a phased implementation strategy focusing on the five designated redevelopment sites.

In response to a question from Mayor Hawker, Mr. Hunter clarified that despite the current downturn in the nation's economy, HII's financial analysis was written from a developer's perspective and that in his opinion, there are currently companies within the development community that would respond to RFP's relative to the various proposals.

Mr. Bleinberger and Mr. Hunter responded to a series of questions from the Councilmembers regarding HII's analysis and recommendations.

Councilmember Walters commended Mr. Hunter and Mr. Bleinberger on their development of a comprehensive and thorough report.

In response to a question from Councilmember Walters regarding concerns expressed by residents in the Wilbur Historic District relative to the development of new residential housing on Site B and its impact on their property values, Mr. Hunter assured the Council that only high quality residential development would occur in the area. He added that such development might, in fact, further define the historical area due to the contrasting housing styles.

In response to a question from Vice Mayor Kavanaugh, City Manager Mike Hutchinson advised that with the completion of HII's study, it is his recommendation that staff implement an action plan, including the consultant's report, and proceed through the City's policy processes. He stated that the process would include soliciting input from the Downtown Development Committee (DDC), the General Development Committee and subsequently presenting the issue to the Council for further consideration.

Mayor Hawker stated that he is pleased with a number of the proposals; that the City has invested a significant amount of public funds to acquire the various sites, and that he is anxious to begin the developer solicitation process. He also cautioned that it is not the intent of the Council to engage in land acquisition in an effort to satisfy the proposals.

Councilmember Thom expressed a series of concerns relative to the impact of the proposed high density residential and retail areas in the downtown area on Mesa's currently existing transportation system.

Councilmembers Whalen, Griswold and Jones voiced appreciation for the well-written and extensive report.

Mayor Hawker thanked everyone for the presentation.

2. Discuss and consider the recommendations contained in the final report from the Transportation Citizen Advisory Committee.

Jim Davidson and Craig Ahlstrom, Co-Chairmen of the Transportation Citizen Advisory Committee (TCAC), addressed the Council relative to this agenda item.

Mr. Davidson explained that the TCAC, which was appointed three months ago by the Council to review the priorities established in the Mesa Transportation Plan and address the \$2.4 billion shortfall identified in the Plan, has successfully completed its assignment. He commented that after extensive study and discussion, the TCAC has prepared a Final Report which addresses a variety of issues which were referred to the Committee by the Council. (The Final Report of the TCAC is available for review in the City Clerk's Office.)

Mr. Davidson provided a brief overview of the TCAC's findings including, but not limited to, the fact that Mesa's transit and transportation infrastructure is in dire need of improvement; that Mesa is lagging behind other municipalities of a similar size to provide transportation services that will attract sustainable economic development and offer needed services and choices to its citizens, and that reliable transit service is vital for a large segment of the community who must rely on such modes of transportation for independent living and employment.

Mr. Davidson advised that it is the recommendation of the TCAC that the Council refer a ballot measure to Mesa voters in March 2003 to consider increasing the sale tax rate by one-quarter cent for three years, an additional one-quarter cent for the remaining 22 years of the program, and that the sales tax sunset after 25 years. He added that in an effort to ensure public input and government accountability, the TCAC has also recommended that the existing Mesa Transportation Advisory Board oversee an annual audit to guarantee that the projects funded in accordance with this measure are completed in a timely and cost effective manner.

Mr. Davidson explained that all revenues will be placed in a separate fund that will only be used for transportation purposes. He commented that the distribution of proposed sales tax revenues would include Street Programs (capital projects, related financing interest, and operations and maintenance expenses), 70%; Transit Service (bus/Dial-a-Ride), 27%, and Town Center, Shared Use Paths and Pedestrian Improvements, 3%. Mr. Davidson added that the TCAC supports the future extension of light rail from Main Street and Longmore into the Town Center area, but recognizes that it would be impossible to fund the extension with a local revenue source given the current need for street improvements and increased transit capabilities. He encouraged the Council to support future efforts to extend the regional transportation sales tax and to fund projects which are not included in the proposal such as light rail transit, commuter rail and express bus service.

Mr. Davidson concluded his remarks by thanking the members of the TCAC for their efforts and hard work. He also expressed appreciation to staff for their assistance and dedication during the Committee's tenure.

Mr. Ahlstrom concurred with Mr. Davidson's remarks and noted that his participation on the TCAC as well as the Joint Master Planning Committee (JMPC) has been an educational and rewarding experience. He added that he only wishes that every citizen in the community could

have participated in the process in order to gain a better understanding of the importance of ensuring that the City of Mesa has sufficient monies to fund the proposed transportation improvements contained in the Transportation Plan.

Councilmember Whalen advised that Mr. Davidson and Mr. Ahlstrom presented this agenda item to the Transportation Committee at a recent meeting, and that after a lengthy discussion, it was the unanimous decision of the Committee to recommend to the Council that the Final Report of the TCAC be adopted and that the Council refer a ballot measure to the voters in March 2003 to consider increasing the sales tax rate to fund the Transportation Plan.

Councilmember Walters reiterated the fact that all sales tax revenues will be placed in a dedicated fund used only for transportation purposes. She also stressed that the proposed Transportation Plan is in addition to already existing street improvements and ongoing street expansion in the newer areas of the City.

Transportation Planning Administrator Kevin Wallace displayed graphics in the Council Chambers and provided a brief overview of the project priorities for the Mesa Transportation Plan including the Street Capital Projects, Pavement Maintenance Program and Transit Service Program.

Councilmember Thom noted that she is a member of the Transportation Committee, and said that although she voted in support of bringing this issue to the Council, she is personally opposed to the Transportation Plan as well as a sales tax increase. She also voiced a series of concerns regarding the fact that the Transportation Plan does not address the reinstatement of bus routes in west Mesa that connect with the City of Tempe; does not address the needs of senior citizens who require transit service, and said that throughout the day, many City buses have virtually no passengers.

In response to a series of questions from Councilmember Thom, Transportation Director Ron Krosting clarified that although not all City buses are full during the entire day, it would be impractical and cost prohibitive to utilize smaller buses during those hours of the day when ridership is diminished; that through the implementation of the Transportation Plan, it is anticipated that ridership will increase, and the fact that street congestion can often be alleviated through intersection widening projects as opposed to widening streets to three lanes in each direction.

Discussion ensued relative to the widening of Southern Avenue between Country Club Drive and Stapley Drive.

Vice Mayor Kavanaugh commended the TCAC and staff for their efforts and hard work on this issue. He stated the opinion that the Transportation Plan recognizes the needs of a changing city; that substantial street improvements are slated to occur in Districts 5 and 6 to accommodate the anticipated growth in those areas of the community, and that the Plan also reflects Mesa's changing demographics. Vice Mayor Kavanaugh also commented that he is disappointed that the second phase of the light rail transit project was not included in the TCAC's recommendations, but concurs that this issue should be a priority for regional transportation funding.

It was moved by Vice Mayor Kavanaugh, seconded by Councilmember Whalen, that the Final Report from the Transportation Citizen Advisory Committee be approved, and that the matter be placed on the agenda of the October 21, 2002 Regular Council Meeting where a public hearing will be conducted to solicit citizen input relative to this agenda item.

Carried unanimously.

Mayor Hawker thanked everyone for the presentation.

3. Acknowledge receipt of minutes of boards and committees.

- a. Downtown Development Committee meeting held September 19, 2002.
- b. Fire Committee meeting held September 12, 2002.
- c. Human Relations Advisory Board meeting held July 24, 2002.
- d. Land Development Ad Hoc Committee meeting held September 23, 2002.
- e. Police Committee meeting held September 9, 2002.
- f. Transportation Advisory Board meeting held September 17, 2002.

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.

Mayor Hawker reported that he and Tempe Mayor Neil Giuliano recently participated in a pool tournament as part of a fundraiser for the Alzheimer's Association.

5. Scheduling of meetings and general information.

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

Friday, October 11, 2002, 8:00 a.m. – Council Briefing Emergency Management

Tuesday, October 15, 2002, 7:30 a.m. – Economic Development Annual Breakfast

Thursday, October 17, 2002, 7:30 a.m. – Study Session

Thursday, October 17, 2002, 9:30 a.m. – Finance Committee Meeting

Monday, October 21, 2002, 2:30 p.m. – General Development Committee Meeting

Monday, October 21, 2002, TBA – Study Session

Monday, October 21, 2002, 5:45 p.m. – Regular Council Meeting

6. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

7. Items from citizens present.

Mary Hartle-Smith, 220 North 22<sup>nd</sup> Place, addressed the Council and commended the Transportation Citizen Advisory Committee for its efforts and hard work regarding the completion of their study relative to the Mesa Transportation Plan. She commented that as a member of the National Federation of the Blind of Arizona, she and her organization will be actively encouraging Mesa citizens to vote in support of a sales tax increase for the purpose of funding the Plan.

Donna Kruck, 225 East 1<sup>st</sup> Street, a representative of Arizona Bridge to Independent Living, concurred with the comments of the previous speaker. She also noted the importance of ensuring that Mesa has an efficient public transportation system in place that will service the needs of individuals with disabilities, students and senior citizens.

8. Adjournment.

Without objection, the Study Session adjourned at 9:30 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 10<sup>th</sup> day of October 2002. I further certify that the meeting was duly called and held and that a quorum was present.

---

BARBARA JONES, CITY CLERK

pag  
Attachments