

COUNCIL MINUTES

March 6, 1997

The City Council of the City of Mesa met in a Policy Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on March 6, 1997 at 4:13 p.m.

COUNCIL PRESENT

Mayor Wayne Brown
Pat Gilbert
John Giles
Dennis Kavanaugh
Wayne Pomeroy
Jim Stapley

COUNCIL ABSENT

Joan Payne

STAFF PRESENT

C.K. Luster
Wayne Balmer
Cindy Barris
Neal Beets
John Brewer
Mike Hutchinson
Lars Jarvie
Barbara Jones
Harry Kent
Greg Marek
Jeff Martin
Patrick Murphy
John Oliver
Ellen Pence
Bryan Raines
Andy Reinhardt
Tom Remes
Becky Richardson
Denise Samuel
Jaime Warner
Michael Whalen
Mindy White

OTHERS PRESENT

Joanie Flatt
Bill Hayden
Eric Lander
Chris Moeser
Dan Nowicki
Tom Verploegen

Mayor Brown excused Councilmember Payne from the meeting.

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

1. Hear, discuss and consider a proposal for a toll road system as proposed by MetroRoad.

Joanie Flatt, Joanie L. Flatt & Associates, Ltd., 623 West Southern Avenue, Suite 2, introduced Bill Hayden, Special Assistant, Arizona Department of Transportation (ADOT), and presented an overview of MetroRoad, a plan developed by the private sector to add congestion-free express lanes on East Valley freeways and accelerate construction of the San Tan Freeway. Ms. Flatt

referred to a map designating toll express lanes (one lane in each direction) proposed for portions of the Superstition, Pima, Price, Red Mountain, and San Tan Freeways and the 20-mile San Tan toll highway (two lanes in each direction) to be constructed from the Price Freeway interchange to the Superstition Freeway interchange.

Ms. Flatt stated that MetroRoad will operate as an all-electronic system and that temporary user fees will be charged for utilization of MetroRoad facilities, allowing unlimited usage, with no per-trip or per-mile fees. Ms. Flatt indicated that there will be no barriers between free lanes and the toll lanes.

Ms. Flatt said that under the MetroRoad proposal, right-of-way will be utilized along the Superstition Freeway to construct new outside lanes that upon completion can be exchanged with the State for inside median lanes. Ms. Flatt commented that the remaining proposed toll lanes will be built as the corresponding freeways are constructed. Ms. Flatt noted that at this time no State funds are planned and/or available for the express lanes. Ms. Flatt stated the opinion that the tolled lanes represent a positive alternative for Mesa as a method to relieve traffic congestion..

Ms. Flatt advised that when the MetroRoad plan was first developed, program funds were unavailable to pursue construction of the San Tan Freeway to the Superstition Freeway. Ms. Flatt reported that funding is apparently now in place but said that completion is not anticipated by the State until 2012. Ms. Flatt said that in accordance with MetroRoad, 19 interim miles along the San Tan Freeway are scheduled to open by 2002, with construction of an additional mile expected during 2003 and a final completion date of 2004 anticipated for all 20 miles. Ms. Flatt indicated a guaranteed toll-free date of 2008, four years earlier than the State's estimated completion date. Ms. Flatt noted the significance of the San Tan Freeway relative to Williams Gateway Airport.

Ms. Flatt stated that in keeping with the goal to relieve traffic congestion, the number of users will be limited on express toll lanes and the monthly fee (currently estimated at \$50) will be increased if the number of requests for passes is determined excessive. Ms. Flatt said, however, that use of the San Tan Freeway will be encouraged and that the fee presently anticipated is \$5 to \$12 per month. Ms. Flatt commented that the proponents of the MetroRoad proposal have no vested interest in development of the San Tan Freeway as a toll road and would prefer construction as a free road utilizing other funding sources.

Ms. Flatt reported that the MetroRoad proposal was presented to the State Transportation Board last week and that conditional approval is now needed to authorize negotiations with the State, incorporating input from local jurisdictions, to develop a draft project contract. Ms. Flatt indicated that the private sector and ADOT will adjust the draft contract as necessary following extensive opportunities for public input. Ms. Flatt indicated that the State Transportation Board will then vote on the contract.

Ms. Flatt referred to a bill recently introduced by Representative Lela Steffey that would repeal or potentially amend the State's transportation privatization law. Ms. Flatt advised that if the bill is approved, opportunities for negotiation between the private and public sectors concerning transportation will be eliminated.

Discussion ensued concerning anticipated completion dates for segments of the San Tan Freeway under the State's plan, the proposed timing for construction of express lanes in accordance with the MetroRoad proposal, project financing, and roadway construction as part of the current half-cent sales tax. Ms. Flatt noted that in reference to the MetroRoad express lane system, 30 lane miles were initially proposed to open in 1999 (commencing with the Superstition Freeway), with all 92 lane miles to be open by 2004 and an estimated toll-free date for the express lane system of 2015. Ms. Flatt indicated that some time frames may be delayed approximately six to twelve months.

Councilmember Stapley commented that completion dates under the MetroRoad proposal and under the State's plan are presently more closely aligned than previously anticipated. Ms. Flatt clarified that the express lanes are not proposed for construction under the State's plan.

Vice Mayor Gilbert, stated appreciation for the efforts in developing the MetroRoad proposal but noted concern regarding the City's position given recent developments at the State Legislature, changes that have occurred relative to time frames under the MetroRoad proposal, and current funding availability through the State. Vice Mayor Gilbert expressed the opinion that the City should exercise caution relative to a commitment to the MetroRoad proposal at this time.

Ms. Flatt advised that approval to continue with the process, rather than a commitment to the project, is requested from the City at this time. Ms. Flatt commented that it is important to retain options relative to transportation.

In response to a question from Councilmember Kavanaugh, Ms. Flatt advised that negotiation of a contract with the State will not proceed without the participation of local jurisdictions. Ms. Flatt indicated that local support is a necessary component of the project and that it is important to work together with involved communities to develop a regional plan.

At the request of Mayor Brown, Mr. Hayden explained the concept of High-Occupancy Toll (HOT) lanes and congestion pricing, whereby fees to motorists utilizing HOT lanes are higher during peak hours and lower during off-peak hours. Mr. Hayden spoke concerning the State's privatization law and the importance of public/private partnerships to fund projected revenue shortfalls relative to the State's freeway system (projected at \$9 billion over the next decade). Mr. Hayden noted successful funding alternatives implemented across the nation, including congestion pricing, and commented that the State is receptive to the concept of assistance from the private sector.

Mr. Hayden advised that conditional approval of the MetroRoad proposal will allow HDR Project Services Corporation of Arizona, the project manager, to begin negotiations with the State and proceed with the public input process.

Mayor Brown questioned the effect of Representative Steffey's bill on the usage of HOT lanes. Mr. Hayden stated that if the bill is approved, the privatization law would be repealed and any proposals from the private sector, including HOT lanes, would be eliminated.

Mayor Brown noted the importance of maintaining options in relation to transportation issues.

Ms. Flatt and Mr. Hayden expressed appreciation for the opportunity to appear before the Council. Mayor Brown thanked Ms. Flatt and Mr. Hayden for the information.

2. Hear an update on Mesa Town Center Improvement District Assessment approval process.

Public Works Manager Harry Kent provided background information concerning the Mesa Town Center Improvement District and advised that the Council is required by law to hold an annual public hearing on the Town Center assessments to ensure that rates and use classifications have been correctly applied to each parcel assessed. Mr. Kent reported that on March 17, 1997 Council will be asked to adopt a resolution setting April 21, 1997 as the date for the annual public hearing on the assessments. Mr. Kent clarified that the purpose of the public hearing is not to discuss whether the district is to be continued or discontinued.

Mr. Kent referred to materials provided to Council summarizing the 1997 assessments, estimated cost of expenses, and schedule of events relative to the Town Center Improvement District assessment approval process.

Tom Verploegen, Executive Director of the Mesa Town Center Corporation (MTCC), 58 West Main Street, advised that assessments include a basic rate as well as calculations based on zone, land use, and size.

In response to a question from Mayor Brown, Mr. Verploegen stated that in 1995 the Council lowered the basic rate from one cent per square foot to one-quarter cent per square foot, reducing the overall assessment amount approximately \$50,000.

Mayor Brown noted opposition to the Town Center Improvement District previously expressed by individuals. Mayor Brown commented concerning the feasibility of eliminating the assessments and additionally transferring control of the parking management program to MTCC.

Mayor Brown thanked Mr. Kent and Mr. Verploegen for the update.

3. Review proposed modifications to the Historic Preservation ordinance.

Community Development Manager Wayne Balmer briefly reviewed the proposed modifications to the Historic Preservation ordinance.

Councilmember Kavanaugh, a former member of the Museum and Cultural Advisory Board, indicated agreement with the recommended changes to the ordinance as an appropriate housekeeping measure, particularly in clarifying that the ordinance is intended to apply to the entire City and not strictly to the Town Center area.

Councilmembers present concurred with Councilmember Kavanaugh.

Redevelopment Director Greg Marek stated that a new ordinance incorporating the recommended amendments will be prepared for action by Council.

Mayor Brown thanked Mr. Balmer and Mr. Marek.

4. Transient problem at Mesa Drive and Broadway.

Police Chief Lars Jarvie provided background information concerning problems encountered along Mesa Drive and Broadway Road relative to individuals congregating to seek employment and consequently intimidating patrons of businesses within the vicinity. Chief Jarvie noted that as many as 70 individuals may gather at any given time and that many do not reside within Mesa. Chief Jarvie advised that efforts have been made by officers during the past few months to address the situation and that incidences of loitering, trespassing, theft, etc. have been reduced.

Chief Jarvie reported that members of staff and representatives from the Immigration and Naturalization Service (INS) have additionally met, and as a result of such meetings, have decided to take a more proactive approach in educating employers and enforcing laws against employers who hire individuals that are not authorized to work. Chief Jarvie indicated that Police Captain John Brewer will be working with personnel from the INS in this endeavor.

Vice Mayor Gilbert expressed appreciation to Chief Jarvie for the Police Department's efforts. Vice Mayor Gilbert stated the opinion that less problems were encountered when individuals were permitted to congregate in a specified location and suggested that consideration be given to designating a new site.

Mayor Brown noted the responsibility of employers to ensure that employees are authorized to work. Mayor Brown spoke in favor of staffs plan.

Councilmember Stapley indicated support for the proposal to educate and, when necessary, challenge employers and additionally commended the Police Department for their efforts to address problems at Pioneer Park.

In response to a question from Councilmember Stapley, Chief Jarvie and City Attorney Neal Beets outlined enforcement actions available to the City and INS relative to this matter. Mr. Beets clarified that although the Police Department may assist INS personnel, the Police Department enforces only state and local laws and does not enforce federal immigration and naturalization laws.

Councilmember Giles commented concerning cooperative efforts between the Police Department and the INS and suggested increased visibility as a deterrent measure.

Councilmember Kavanaugh spoke regarding liability issues should employers hire employee that are not authorized to work.

Mayor Brown thanked Chief Jarvie and the Police Department for their efforts.

5. Discuss and consider a proposal regarding a possible ice skating facility in the Town Center area.

Mr. Marek advised that in response to interest expressed by several groups to build an ice rink facility in downtown Mesa, the City recently hired Eric Lander of Canyon Research Southwest to prepare a market feasibility analysis. Mr. Marek reported that the results of the analysis

indicate a demand for approximately seven ice rinks in the Southeast Valley. Mr. Marek added that a financial analysis suggests that an ice rink facility could operate successfully at a downtown location.

Mr. Marek said that Mr. Lander was asked to consider the financial feasibility of three types of facilities: a) a single-sheet ice rink, b) a multi-use facility with two ice sheets, and c) a multiuse facility with two ice sheets that would additionally include a practice facility for the Phoenix Coyotes. Mr. Marek noted that a report has been prepared discussing the three types of facilities and that at the request of staff, Mr. Lander is presently also considering the feasibility of a facility to accommodate the Roadrunners.

Mr. Marek stated that it is recommended that Council direct staff to issue a Request for Proposals (RFP) to determine if there are developers interested in building an ice rink facility in downtown Mesa. Mr. Marek noted that the preferred location is within the Northeast Quadrant.

Eric Lander, Canyon Research Southwest, described the components of his study, including development plan alternatives, development cost estimates, financial feasibility analysis, and recommendations. Mr. Lander described the three types of facilities considered and provided associated cost estimates for land acquisition, on-site parking, and building/ice rink/bleachers/equipment. Mr. Lander presented income and operating expense estimates for each of the three ice rink development scenarios and projected net income and return on investment amounts for the initial five years of operation.

Mr. Lander said that the results of the analysis indicate that a multi-use facility would be most appropriate for the Mesa site and would serve as a catalyst for additional downtown development. Mr. Lander stated that development costs are estimated at \$9.34 million and that net income during the initial year is projected at \$1.4 million, which equates to 37.4 percent of gross revenues and represents an approximate 15 percent return on investment.

Mr. Lander advised that profitability could be enhanced through the use of shared parking, noting that decreasing on-site parking from 492 spaces to 150 spaces could reduce land acquisition and construction costs approximately \$1 million. Mr. Lander commented that a multi-use facility is projected to yield a return on investment that would not require utilization of City incentives and the City could take an equity position in the project based on the initial value of the land and public parking. Mr. Lander recommended that an experienced management firm be retained to operate the facility's ice-related activities.

Discussion ensued concerning interest in the project, the ability to accommodate dry floor activities (concerts, trade shows, etc.) in the olympic rink area of a multi-use facility, shared parking, potential economic benefit to surrounding businesses, and land assembly. Mr. Balmer noted that funds will be required to assemble the block that is needed for the ice rink and that assembling land to University and Mesa Drives will allow the City to create retail pads that could be sold to prospective developers.

Council stated support for the request to proceed with an RFP. Mayor Brown encouraged consideration of on-site versus shared parking, particularly given the close proximity of the Community and Conference Center to the proposed site.

Mayor Brown thanked Mr. Lander and staff for the analysis.

6. Discuss and consider selection of the development fee report consultant.

Councilmember Kavanaugh stated that he has reviewed the information provided by staff and supports the recommendation to approve the award of the contract for a development fee report consultant to the firm of James Duncan and Associates and their project partners.

Councilmembers present concurred with Councilmember Kavanaugh.

Mayor Brown thanked Senior Management Assistant Bryan Raines and staff for their work.

7. Scheduling of meetings and general information.

City Manager Charles Luster reminded Council of the joint meeting with the Mesa Public Schools Governing Board scheduled for Thursday, March 13, 1997.

8. Adjournment.

Without objection, the Policy Session adjourned at 6:07 p.m.

WAYNE BROWN, MAYOR

ATTEST:

BARBARA JONES, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Policy Session of the City Council of Mesa, Arizona, held on the 6th day of March 1997. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 19th day of March 1997

BARBARA JONES, CITY CLERK