

COUNCIL MINUTES

April 26, 2001

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 26, 2001 at 7:30 a.m.

COUNCIL PRESENT

Mayor Keno Hawker
Jim Davidson
Bill Jaffa
Dennis Kavanaugh
Pat Pomeroy
Mike Whalen

COUNCIL ABSENT

Claudia Walters

OFFICERS PRESENT

Mike Hutchinson

Mayor Hawker excused Councilmember Walters from the meeting.

1. Discuss and consider the recommendation of the General Development Committee to enter into a 120 day exclusive negotiating period for the redevelopment of the block generally bounded by Robson Street, Main Street, Macdonald Street, and First Avenue (Site 25).

Redevelopment Director Greg Marek and Senior Economic Development Specialist Harold Decker addressed the Council relative to this agenda item. Mr. Marek reported that it is the recommendation of the General Development Committee (GDC) that staff be directed to enter into a 120-day exclusive negotiation period with The Crow Group for the redevelopment of Site 25 (the block bounded by Robson Street, Main Street, Macdonald Street and 1st Avenue). Mr. Marek advised that staff was approached by The Crow Group with a proposal to develop Class A office space at the southeast corner of Robson and Main Streets. Mr. Marek explained that in an effort to determine whether such a market exists in downtown Mesa, staff commissioned a consultant to prepare a speculative office market analysis. Mr. Marek commented that the study revealed that through aggressive marketing efforts, the construction of Class A office space could attract major tenants from outside Mesa.

Discussion ensued relative to the fact that the Tribune Newspaper is contemplating an expansion of its operations and has acquired acreage in Tempe; the fact that Dale Carpenter, the Tribune's Chief Operating Officer, indicated his preference would be to remain at the current site if the newspaper's needs could be accommodated; the fact that Site 25 was designated as a Redevelopment Project Area in November 2000; the fact that Request for Proposals (RFP) were issued; the fact that proposals were received by The Boyer Company and The Crow Group, and the fact that the Executive Board of the Mesa Town Center Corporation, the staff of

the Redevelopment Office and the GDC all concur that the proposal submitted by The Crow Group warrants additional study.

Mr. Marek informed the Council that during the 120-day exclusive negotiating period, that staff will study the financial details of the proposal and prepare a cost/benefit analysis to determine whether the City should enter into a redevelopment agreement with The Crow Group.

Mr. Decker spoke regarding current office availability in the metro Phoenix area.

Dan Hawkins, Vice President of Operations of The Crow Group, and John Kane, a representative of the architectural group Architekton, addressed the Council. Mr. Hawkins reported that the 120-day period will provide The Crow Group with the necessary credibility to negotiate with leasing companies, and also indicated that it is his intention to solicit tenants from northern California who have expressed an interest in leasing Class A office space in downtown Mesa.

Mr. Kane provided a brief overview of the project's conceptual designs.

Councilmember Whalen advised that in Councilmember Walters' absence, he has been requested to inform the Council that it is the recommendation of the GDC that staff enter into a 120-day exclusive negotiation period with The Crow Group. Councilmember Whalen noted, however, that the Committee voiced concerns regarding the project's funding and also the City's recent history of entering into long-term negotiation contracts which do not come to fruition.

Councilmember Pomeroy spoke in support of this agenda item and stressed that it is imperative that the Tribune Newspaper continue to be a major presence in downtown Mesa.

It was moved by Councilmember Pomeroy, seconded by Councilmember Whalen, that staff be directed to enter into a 120-day exclusive negotiation period with The Crow Group for the redevelopment of Site 25.

Mr. Decker responded to questions from Vice Mayor Davidson regarding the speculative office market analysis.

Vice Mayor Davidson stated the opinion that although the proposal is congruent with the Downtown Concept Plan, he has concerns with regard to the project's financing, the downturn in the economy and the profusion of ongoing City projects. Vice Mayor Davidson added that he is in favor of the motion, but not an extension beyond the 120-day time period.

Councilmember Kavanaugh voiced his support for the proposal and stated that the project is consistent with the goals of the City's Economic Advisory Board. Councilmember Kavanaugh stressed that the 120-day negotiation period is an appropriate timeframe within which to determine the project's financial feasibility and to allow the Council to make an informed decision regarding this matter.

In response to a question from Councilmember Jaffa, Mr. Marek clarified that staff spent approximately ten months in discussions with the developers prior to the issuance of the RFP.

Councilmember Jaffa stated the opinion that with ten months already invested in the project, he is not in support of granting an extension beyond the 120-day period without the issuance of an additional RFP.

In response to a question from Councilmember Jaffa, Mr. Marek advised that it is the request of The Crow Group that the City abate the Government Property Lease Excise Tax (a tool utilized in redevelopment areas to waive property taxes), and also that the City own and operate the parking garage. Mr. Marek explained that due to the fact Mesa does not have a property tax, it would abate County and school district taxes for eight years, after which time the project will return to the tax roll at full value.

Discussion ensued relative to the financial viability of the project and the development team; the manner in which financial statements are obtained, and the fact that City staff and the Executive Board of MTCC have requested assurances from The Crow Group regarding funding capabilities.

Councilmember Jaffa expressed support for the proposal and concurred with Councilmember Pomeroy's opinion that the Tribune must be retained as a major downtown employer.

Mayor Hawker recommended that the developer attempt to acquire the properties within the proposed redevelopment site prior to the City proceeding with eminent domain; the City currently has three or four projects at different stages of progress; the fact that if there is a 120-day negotiation period, the City must acquire the buildings on Main Street through condemnation, the City must build a parking garage and subsidize the first two floors of the office building for eight years and offer the developer a property tax abatement, he will not support the motion.

Mayor Hawker informed the Council that will not vote in favor of the motion and expressed the opinion that The Crow Group has not attempted to acquire the surrounding property prior to requesting the City to implement condemnation proceedings.

Councilmember Kavanaugh stated that the Council has attempted to fairly weigh public/private participation with regard to a fair allocation of resources in contrast to benefit the City will receive as a result of a proposal.

Vice Mayor advised that he is cautiously supportive of the motion, but expressed concerns relative to redevelopment projects that remain vacant for many years.

Upon tabulation of votes, it showed:

AYES - Davidson-Jaffa-Kavanaugh-Pomeroy-Whalen
NAYS - Hawker
ABSENT - Walters

Mayor Hawker declared the motion carried by majority vote of those present and voting.

Mayor Hawker thanked everyone for the presentation.

2. Hear a report from Mayor Hawker on The Mayors' Institute on City Design and consider issues regarding reviewing the location of the proposed Mesa Aquatics Center.

Mayor Hawker reported on his recent attendance at The Mayors' Institute on City Design, established by the National Endowment for the Arts, which was held April 18-21, 2001 in Charlottesville, Virginia. Mayor Hawker advised that eight mayors, architects, city planners and urban development experts participated in the symposium. Mayor Hawker advised that he presented the Mesa Aquatic Center as a case study and received input from the Institute participants with regard to the relocation of the facility to the area previously designated for the Mesa Verde project.

The following suggestions were offered by the attendees:

- The proposed Mesa Aquatic Center does not look like a world-class facility.
- A glass enclosure in place of the eastern wall would visually enlarge the space and offer spectators a scenic view of the Superstition Mountains.
- The Center is located at the wrong site and is the wrong design.
- The design is the result of value engineering on a restricted site.
- Arizona State University and its swimming program should be invited to offer input relative to the facility's design and layout.
- Interactive water feature touchpads and fountains would enhance the Center's landscaping and provide visual interest.

Mayor Hawker requested that staff provide the Council with additional input regarding the possible relocation of the Aquatic Center to the former Mesa Verde site. Mayor Hawker stressed that although he has concerns regarding increased costs and potential time delays, it is imperative that the facility be of world-class caliber. Mayor Hawker suggested that the General Development Committee (GDC) and/or the Council conduct a feasibility study with regard to this issue.

Vice Mayor Davidson voiced concerns regarding the Aquatic Center's relocation and emphasized that the new site is highly visible and could be utilized more effectively. Vice Mayor Davidson stated support for the assemblage of a committee of architects, land use planners and citizens to determine the most appropriate location for the Center.

Councilmember Kavanaugh expressed the opinion that the relocation of the Aquatic Center could entail increased construction and landscaping costs. Councilmember Kavanaugh added that the relocation would also require staff to explore the feasibility of extending the district cooling system lines from the Mesa Arts Center to the new location. Councilmember Kavanaugh stated that although he does not currently support the relocation of the Aquatic Center, he would support staff providing the Council with relocation options.

Councilmember Pomeroy voiced concerns regarding the ongoing scheduling delays and the fact that the projected costs have increased from \$11 million to \$23 million. Councilmember Pomeroy also stated that the relocation of the Aquatic Center could potentially affect the downtown synergy that the Council hopes to create through the close proximity of the Mesa Arts Center and the Aquatic Center.

Councilmember Whalen concurred with Councilmember Pomeroy's comments.

Councilmember Jaffa concurred with Vice Mayor Davidson's opinion.

In response to questions from Mayor Hawker, Mr. Hutchinson clarified that staff would require a minimum of 30 days to respond to Council's request to consider the possible relocation of the Aquatic Center and that various City and citizen advisory committees, as well as members of the business community, should also be invited to participate in the decision-making process.

Mayor Hawker requested that staff be given a 30-day period in which to conduct a cost analysis, a determination of time delays, alternative uses for both parcels and to conduct public hearings.

Mr. Hutchinson stated that the 30 days is a limited period of time, but that staff will attempt to meet the aggressive schedule. Mr. Hutchinson added that staff will update the Council with progress reports regarding this matter.

3. Discuss and consider the proposed process for recruiting a new City Attorney.

City Manager Mike Hutchinson addressed the Council relative to this agenda item and outlined the recruitment process for a new City Attorney. Mr. Hutchinson advised that it is staff's recommendation that a screening committee, comprised of citizens, professionals and City staff, be assembled to review the applications of the prospective candidates and to make recommendations to the City Council.

It was moved by Councilmember Kavanaugh, seconded by Vice Mayor Davidson, that staff's recommendations for the recruitment of a new City Attorney be approved.

In response to a question from Councilmember Pomeroy, Mr. Hutchinson clarified that the City Council will conduct final interviews commencing at the end of August and continuing through early September 2001.

Upon tabulation of votes, it showed:

AYES - Hawker-Davidson-Jaffa-Kavanaugh-Pomeroy-Whalen

NAYS - None

ABSENT - Walters

Mayor Hawker declared the motion carried unanimously by those present.

4. Acknowledge receipt of minutes of various boards and committees

- a. Board of Adjustment meeting held April 10, 2001.
- b. Parks and Recreation Board meeting held April 12, 2001.

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

Upon tabulation of votes, it showed:

AYES - Hawker-Davidson-Jaffa-Kavanaugh-Pomeroy-Whalen
ABSENT - Walters

Mayor Hawker declared the motion carried unanimously by those present.

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

Vice Mayor Davidson reported on his recent attendance at an affordable housing conference in Tucson, Arizona and provided an update regarding new Housing and Urban Development (HUD) policy changes which may affect the City.

Councilmember Kavanaugh stated that he attended a water safety awareness program at Mesa Community College and stressed the importance of Mesa citizens continuing to remain vigilant regarding children's safety around water.

Councilmember Whalen and Councilmember Jaffa commented on their attendance at the International Downtown Association meeting in Orlando, Florida and commended Tom Verploegen, Executive Director of the Mesa Town Center Corporation, who is a national officer in the organization.

Mayor Hawker commended Councilmember Walters for her participation as the Co-Chairman of the Elderly Mobility Task Force.

6. Scheduling of meetings and general information.

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

Monday, April 30, 2001, 3:30 p.m. – Finance Committee Meeting

Wednesday, May 2, 2001, 5:30 p.m. – Joint Dinner Meeting with Salt River Project

Thursday, May 3, 2001, 7:30 a.m. – Study Session

Monday, May 7, 2001, 3:00 p.m. – Transportation Committee Meeting

Monday, May 7, 2001, TBA – Study Session

Monday, May 7, 2001, 5:45 p.m. – Regular Council Meeting

7. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

8. Items from citizens present.

There were no items from citizens present.

9. Adjournment.

Without objection, the Study Session adjourned at 9:16 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 26th day of April, 2001. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this _____ day of _____, 2001.

BARBARA JONES, CITY CLERK

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