

COUNCIL MINUTES

January 8, 1999

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 January 8, 1999 at 7:50 a.m.

COUNCIL PRESENT

Mayor Wayne Brown
Jim Davidson
John Giles
Keno Hawker
Bill Jaffa
Dennis Kavanaugh
Pat Pomeroy

COUNCIL ABSENT

None

STAFF PRESENT

C.K. Luster
Wayne Balmer
Neal Beets
Denise Bleyle
Linda Crocker
Joe Holmwood
Mike Hutchinson
Barbara Jones
Jeff Martin
Ellen Pence
Bryan Raines
Andrea Rasizer
Tom Remes
Jenny Sheppard
Jan Strauss
Ursula Strephans
Jeff Welker
Mindy White
Larry Woolf
Others

OTHERS PRESENT

Robert Brinton
Charlie Deaton
Kurt Fruen
Pat Gilbert
Dave Johnston
Marty Whalen
Dave Wier
Fred Williams
Others

1. Hear a presentation and discuss proposals concerning the Rio Salado Crossing Project.

Assistant City Manager Mike Hutchinson advised that Marty Whalen, Chairman of the Rio Salado Crossings Multi-purpose Facilities District Board of Directors, and fellow Boardmember Pat Gilbert will update the Council on the status of the project.

Mr. Hutchinson discussed staff's intention to request at the Monday, January 11, 1999 Special Council Meeting, that the Council call a Special Election for the City, approve the ballot language for the City election, which will increase and extend the City's sales tax, and review the District's language and authorize the District to call their election. Mr. Hutchinson added that the Town of Queen Creek is scheduled to meet on Monday evening to consider the District language and the Town of Gilbert's meeting will be held on Tuesday, January 12, 1999. Mr. Hutchinson also advised that the District Board has scheduled a meeting for Thursday, July 14, 1999 for the purpose of casting their final vote on the District election.

Chairman Whalen updated the Council on the progress that has been made towards achieving an agreement with the Cardinals. Mr. Whalen stated the opinion that an extensive amount of diligence has been exercised in attempting to arrive at a fair, mutually acceptable agreement that will benefit and protect all parties involved.

Chairman Whalen informed the Council that a concept land use plan has been developed and indicated that changes will be made to the existing finance plan. Chairman Whalen added that a term sheet for the development and use agreement with the Cardinals has been the focus of negotiation efforts over the last several days.

Discussion ensued relative to the fact that the Cardinals had indicated several last minute changes to the term sheet and the fact that the City responded to those changes but has not heard back from the Cardinals as of this time and the Committee's opinion that a 'core' agreement appears to have been reached.

Chairman Whalen reported that there are two outstanding issues remaining at this time and indicated that the first issue is the development rights on the project. Chairman Whalen commented on the complexity of this matter and stated the opinion that it is not feasible to negotiate those rights at this time. Chairman Whalen added that although this must be agreed upon in order for the project to commence, the rights will most likely be negotiated as an entirely separate issue. Chairman Whalen informed the Council that the second issue involves an initial request from the Cardinals that a revenue split be agreed upon for all non-football uses for the facility that eventually was replaced with the current request that the Cardinals receive 50% of all non-game day parking revenues. Mr. Whalen noted that the District is now willing to assume operating and maintenance costs for the facility and emphasized the importance of generating as much revenue as possible for this purpose.

Additional discussion ensued relative to the fact that should the Cardinals play somewhere other than the City of Tempe, the team will be required to pay lease penalties in the amount of \$6-700,000 annually and the fact that the current draft agreement provides that if there is surplus recapture funds, a third priority allocation would be the reimbursement of the Cardinals for the payment of those lease penalties to the City of Tempe.

Boardmember Gilbert emphasized that priorities have been set for the utilization of any surplus recapture funds and noted that the first priority would be the repayment of operating deficits incurred by the City/District. Boardmember Gilbert added that all of the deficits would be covered before the Cardinals would receive any funds to offset lease penalties.

(Boardmember Johnston also joined Chairman Whalen and Boardmember Gilbert.)

Chairman Whalen discussed his opinion that any surplus funds should be allocated towards the early retirement of the bonds that will be supported by the sales tax. Chairman Whalen commented on the streams of revenue which go into the recapture of funds and said that an agreement has been developed whereby to the extent that there is surplus, that portion that is attributable to bed, liquor and food surpluses on site, will be placed back into the project for the purpose of developing additional infrastructure and facility improvements. Chairman Whalen added that the surplus funds that are attributable to sales tax and the existing bed tax recapture will be used for the early retirement of the debt.

Councilmember Kavanaugh commended the members of the Committee on their efforts and indicated that he supports the changes to the term agreement as outlined by Chairman Whalen. Councilmember Kavanaugh added the opinion that the concept of non-game day parking revenue split is fair in view of the fact that the Cardinals will be a tenant rather than an owner in the project.

Councilmembers Pomeroy and Davidson concurred with Councilmember Kavanaugh's remarks.

Mayor Brown encouraged the members of the Council to meet with staff, Chairman Whalen and the members of the Committee for the purpose of posing questions regarding this important matter.

Discussion ensued relative to the fact that the term sheet is not a final agreement, the fact that numerous issues remain to be addressed, the fact that the proposal represents a public project that will utilize public funds, concerns regarding construction costs and sufficient funding for land acquisition, potential impacts on the City's bond rating, the importance of including a significant amount of amenities in the project, the relocation of the softball fields, a guaranteed maximum price contract versus the concept of design build, and the possibility of developing recreational enhancements in the towns of Gilbert and Queen Creek.

Mayor Brown thanked Chairman Whalen and Boardmembers Gilbert and Johnston for their input.

2. Scheduling of meetings and general information.

City Manager Charles Luster advised that the meeting schedule is as follows:

Monday, January 11, 1999, 4:00 p.m. – Transportation Committee Meeting

Monday, January 11, 1999, 5:30 p.m. – Special Council Meeting

Mr. Luster advised that the Thursday, January 14, 1999 Police Committee Meeting at 8:30 a.m. has been rescheduled to Thursday, January 28, 1999 following the Council Study Session

Thursday, February 4, 1999, immediately following Council Study Session – Fire Committee Meeting

3. Adjournment.

It was moved by Councilmember Kavanaugh, seconded by Councilmember Pomeroy, that the meeting adjourn at 9:11 a.m.

Carried unanimously.

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 Study Session of the City Council of Mesa, Arizona, held on the 8th day of January 1999. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this ____ day of _____ 1999

BARBARA JONES, CITY CLERK